

LA COMER, S.A.B. DE C.V. (BMV: LACOMER) ANNOUNCES TODAY ITS 3RDQ17 RESULTS

Mexico City, October 25th, 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 3rdQ 2017 results.

Third Quarter 2017 Results

Highlights:

- ✓ Increase in total sales of 14.6% and same store sales growth of 14.3%
- ✓ Gross margin of 25.1%
- ✓ EBITDA growth of 38.0% with a margin of 7.0%

	3Q 2017				
	2017	%	2016	%	Var %
Net sales	4,256.4	100.0	3,713.3	100.0	14.6
Cost of sales	3,188.5	74.9	2,799.7	75.4	13.9
Gross profit	1,067.9	25.1	913.5	24.6	16.9
Operating expenses	921.8	21.7	815.0	21.9	13.1
Operating profit	146.1	3.4	98.5	2.7	48.3
EBITDA ¹	299.6	7.0	217.1	5.8	38.0
Net financial result	50.6	1.2	35.0	0.9	44.7
Taxes and other	61.5	1.4	36.4	1.0	69.3
Net Income	135.2	3.2	97.1	2.6	39.2
Same Store Sales (%)	14.3		(0.6)		
Clients (thousands)	15,255		14,726		3.6
Number of stores	58		57		1.8
Sales area (m ²)	236,712		233,089		1.6

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 \$4,256 million pesos having an increase of 14.6% compared to the same period in 2016. Same store sales in the quarter grew 14.3%. The increase in same store sales was above the growth of the self-service sector published by ANTAD. All of our formats presented significant growth, but as it has been happening, City Market and Fresko continue to present the best results even with a relevant increase in number of customers. By region, during the quarter, bigger growth was observed in the northwest region and in the metropolitan area of Mexico City.

During this quarter, our campaign “Temporada Naranja” (Orange Season) was successfully developed, offering to our customers several promotions in various departments. During the campaign, our format La Comer had a good increase in sales as it is the most representative format for this campaign, but we also had good results in our Fresko and Sumesa formats.

By type of product, the category that had the greatest growth during this quarter was the division of hygiene and beauty products derived from the promotional campaign that favors the sale of this type of merchandise. The categories of perishables and groceries also grew significantly confirming the company's current strategy of maintaining a differentiation in assortment and quality in this section.

Gross Profit

Gross profit for the quarter increased from \$913 million pesos in 2016 to \$1,068 million pesos in the third quarter of 2017; an increase of 16.9% compared to the previous year. Gross margin for the third quarter of 2017 was 25.1% compared to 24.6% in the same period of the previous year, having an increase of 50 basis points.

The gross profit margin increase is explained mainly because we have begun to see the positive effect on the change in the mix of sales by format.

Operating profit and EBITDA

For the third quarter of 2017, operating income amounted \$146 million pesos, having an increase of 48.3% over the previous year with an operating margin of 3.4%. EBITDA margin was 7.0% for the third quarter of 2017 compared to the margin of 5.8% for the same period of last year, with a 38.0% increase to reach \$300 million pesos for the third quarter 2017.

The expenses accounts with biggest increases were:

- Electricity: explained by the increases in tariffs
- Maintenance: for extraordinary expenses to improve our stores
- Pre-operating expenses: for the stores the company will open during the last months of the year
- Expenses related with the earthquake

Net Financial Result

During the quarter the company had a net financial income of \$51 million pesos due to interest and return on investment

Net income for the quarter increased 39.2% to \$ 135 million pesos from \$97 million pesos in the third quarter of 2016.

Earthquake impact for the company

During the earthquake of September 19th, some of our stores were affected. We did not have structural damages in any of our stores but some minor damages in the constructions affected some of our stores. Because of the intensity of the earthquake, loss of merchandise occurred in stores located in affected areas. Additionally, 17 stores were closed for several hours after the earthquake, and one of our stores remained closed for a couple of days.

Some of our employees had some loses in their properties, but fortunately none of them or any client suffered any personal damage inside of our stores at the moment of the earthquake.

In solidarity with the Mexican society, La Comer launched a campaign to donate, together with its clients, packages of food provisions, in the regions most affected by the earthquakes. The campaign consisted in donating 2 packages for every package that was donated by our clients. Additionally to that, the company was committed to deliver house by house the packages in the most needed communities.

More than 60 thousand packages with food and necessary house supplies were delivered in the most affected communities in the states of Morelos, Chiapas, Oaxaca and Puebla. As a result of the earthquake effects, the company had extraordinary expenses in building arrangements; loss of merchandise; and the cost of the donation campaign that amounted approximately \$20 million pesos.

YTD September 2017 Results

Highlights:

- ✓ Increase in total sales of 12.7% as of September 31st, 2017.
- ✓ Increase in same store sales of 10.8%
- ✓ EBITDA margin of 7.6%

	As of September 2017				
	2017	%	2016	%	Var %
Net sales	12,207.2	100.0	10,829.5	100.0	12.7
Cost of sales	9,120.9	74.7	8,176.3	75.5	11.6
Gross profit	3,086.3	25.3	2,653.2	24.5	16.3
Operating expenses	2,600.4	21.3	2,288.4	21.1	13.6
Operating profit	485.9	4.0	364.8	3.4	33.2
EBITDA¹	931.8	7.6	721.3	6.7	29.2
Net financial result	71.5	0.6	85.3	0.8	(16.2)
Taxes and other	171.3	1.4	132.1	1.2	29.7
Discontinued operations	-	-	64.6	0.6	(100.0)
Net Income	386.1	3.2	382.6	3.5	0.9
Same Store Sales (%)	10.8		2.4		
Clients (thousands)	45,105		43,637		3.4
Inventory days ratio	69		-		na
Supplier days ratio	68		-		na
Number of stores	58		57		1.8
Sales area (m ²)	236,712		233,089		1.6

In millions of Mexican pesos,

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

Na= not available

Net sales

In cumulative terms, for the first nine months of the year, total sales amounted \$12,207 million pesos, having an increase of 12.7% compared to the same period of the previous year. Same store sales increased by 10.8%. These increases are due in part to a favorable consumption environment in the country, to our Temporada Naranja (Orange Season) campaign and also to the good acceptance that our formats are having in the market.

Gross profit

Gross profit presented a margin of 25.3% as a percentage of sales, having a growth of 80 basis points against the same period of 2016.

The factors of costs that presented the greatest improvements were the cost of merchandise and the logistic cost. In addition, there are some marginal improvements on inventory fluctuations.

Operating income and EBITDA

Operating income for the first nine months of the year grew by 33.2%, with a margin of 4.0%. During this period, the expenses increased slightly, measured as a percentage of sales. This was mainly due to the increase in electricity tariffs, expenses related to the earthquake of September 19th, the total closure for the remodeling of La Comer Insurgentes store, and also because of pre-operating expenses for future store openings.

In cumulative terms for the first nine months of 2017, the EBITDA margin was 7.6%, generating an operating cash flow of \$932 million pesos, 29.2% higher than the previous year.

Financial income and discontinued operations

Within this concept, the company presented an integral result of financing result of \$ 71 million pesos. There was an interest income of \$122 million pesos due to interest and return on investment without including commissions and financial expenses of \$50 million pesos mostly derived from a net foreign exchange loss. It is important to mention that the dollar positions held on the balance sheet during the first months of this year were acquired only to cover expected expenditures for investment projects. We continue with the policy in the company of keeping in dollars the estimated expenses for the business's own obligations in that currency.

Net income for the first nine months of the year was \$386 million pesos compared to \$383 million for the same period last year, with a 0.9% increase. During 2016 we had a discontinued operation profit of \$65 million pesos, which affects the comparison against the current year.

Working Capital

The company had a cash balance of \$2,492 million compared to a cash balance as of December 2016 of \$3,225 million pesos. This decrease in the company's cash is the product of new investments being made during the year. Levels for inventories were \$2,317 million pesos similar for suppliers of \$2,279 million pesos. Inventory turnover as of September 2017 was 69 days, similar to the turnover of 68 days for suppliers during this same period.

Investment projects

At the beginning of the year, the company made a temporary closure of the store La Comer Insurgentes located in Mexico City to have a complete remodeling of this store. We also finished with the 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.

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

Due to the recent events of the September 19 earthquake, the company delivered 60 thousand 378 packages of food directly to the people in the most affected communities in the states of Morelos, Chiapas, Oaxaca and Puebla. Donated packages are the result of La Comer's initiative, which consisted of donating two packages for each one that its customers bought - for the same purpose - in any of its 58 stores or in its e-commerce platform. La Comer's distribution center staff located in Mexico City was in charge of assembling the packages and loading the trailers to send them to the different communities. When customers bought a basket, the system sent an alert to the distribution center to notify them that they had to prepare three baskets and start with the logistics to make the delivery.

In addition, the company continues to support the "Un Kilo de Ayuda" Foundation 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 (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 3Q17

Date & Hour:

Thursday, October 26, 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

Yolotl Palacios, IR

Phone number:

EUA: +1 (844) 845-4172

Internacional: +1 (412) 317-5447

Code (Conference ID): La Comer

Replay:

Phone. +1 (877) 344-7529 / (412) 317-0088 (End date Nov 7)

Code: 10113032

Webcast:

To access presentation:

<http://webcast.engage-x.com/Cover.aspx?PlatformId=Hq21Co11WqE2kJAFITOSeA%3D%3D>

Contacts

Investor Relations:

Rogelio Garza Garza

La Comer

+52 (55) 52709319

rgarza@lacomer.com.mx

Media:

Horacio Loyo

Dextera Comunicación

+52(55)52820826 Ext.228

horacio.loyo@dextera.com.mx

LA COMER, S.A.B. DE C.V.
QUARTER INCOME STATEMENT
(In thousands Mexican pesos as of September 30, 2017)

	30-sep-17	%	30-sep-16	%	Var.
Net sales	4,256,411	100.0%	3,713,261	100.0%	14.6%
Cost of sales	3,188,483	74.9%	2,799,746	75.4%	13.9%
Gross profit	1,067,928	25.1%	913,515	24.6%	16.9%
Selling expenses	739,796	17.4%	665,702	17.9%	11.1%
Administrative expenses	162,362	3.8%	137,492	3.7%	18.1%
Other income	8,499	0.2%	1,684	0.0%	404.7%
Other expenses	28,182	0.7%	13,523	0.4%	108.4%
Operating profit	146,087	3.4%	98,482	2.7%	48.3%
Financial income	55,574	1.3%	35,831	1.0%	55.1%
Financial expenses	4,942	0.1%	834	0.0%	492.6%
Earnings before tax & profit sharing	196,719	4.6%	133,479	3.6%	47.4%
Income tax	61,541	1.4%	36,354	1.0%	69.3%
Net income	135,178	3.2%	97,125	2.6%	39.2%
Depreciation & amortization	153,512	3.6%	118,571	3.2%	29.5%
EBITDA	299,599	7.0%	217,053	5.8%	38.0%

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

(In thousands Mexican pesos as of September 30, 2017)

	30-sep-17	%	30-sep-16	%	Var.
Net Sales	12,207,195	100.0%	10,829,523	100.0%	12.7%
Cost of sales	9,120,889	74.7%	8,176,331	75.5%	11.6%
Gross profit	3,086,306	25.3%	2,653,192	24.5%	16.3%
Operating expenses	2,125,292	17.4%	1,854,046	17.1%	14.6%
Administrative expenses	467,118	3.8%	423,023	3.9%	10.4%
Other income	22,834	0.2%	147,387	1.4%	-84.5%
Other expenses	30,780	0.3%	158,705	1.5%	-80.6%
Operating profit	485,950	4.0%	364,805	3.4%	33.2%
Financial income	160,585	1.3%	88,455	0.8%	81.5%
Financial expenses	89,111	0.7%	3,174	0.0%	2707.5%
Earnings before tax & profit sharing	557,424	4.6%	450,086	4.2%	23.8%
Income tax	171,315	1.4%	132,064	1.2%	29.7%
Gains from continued operations	386,109	3.2%	318,022	2.9%	21.4%
Gains from discontinued operations	-	0.0%	64,594	0.6%	-100.0%
Net income	386,109	3.2%	382,616	3.5%	0.9%
Depreciation & amortization	445,805	3.7%	356,506	3.3%	25.0%
EBITDA	931,755	7.6%	721,311	6.7%	29.2%

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

(In thousands Mexican pesos as of September 30, 2017)

	30-sept-2017	31-dec-2016
Current Assets		
Cash and Temporary investments	2,491,659	3,225,363
Clients (net account receivables)	639,504	465,453
Recoverable taxes	21,243	21,014
Inventories	2,316,564	2,082,285
Other assets	126,446	126,446
Total Current Assets	5,595,416	5,920,561
Property, plant and equipment (Net)	10,745,625	9,622,364
Property and leasehold improvements	575,996	486,373
Intangible assets other than goodwill	6,277,998	6,277,998
Deferred tax assets	226,771	240,644
Other non-current non-financial assets	796,115	890,351
Total noncurrent assets	18,622,505	17,517,730
Total Assets	24,217,921	23,438,291
Trade payables	3,201,601	3,043,565
Taxes payable	22,588	38,587
Other accrued liabilities	316,879	170,158
Current Liabilities	3,541,068	3,252,310
Provisions for employee long term benefits	72,582	69,236
Deferred tax liabilities	167,318	9,876
Total long-term liabilities	239,900	79,112
Total Liabilities	3,780,968	3,331,422
Capital Stock	1,966,662	1,966,662
Share issuance	193,896	193,896
Total Earned Capital	16,578,820	16,402,110
Other comprehensive income	1,697,575	1,544,201
Total controlling interest	20,436,953	20,106,869
Stock Holders' Equity	20,436,953	20,106,869
Total liabilities and stockholders' equity	24,217,921	23,438,291

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

Operation Activities	30 sept 2017
Earnings (Loss) net	386,109
Adjustments to reconcile earnings	30 sept 2017
Taxes payable	171,315
Financial income & expense	(121,840)
Depreciation and amortization	445,805
Provisions	6,800
Income from disposal of current assets	4,071
Decrease in inventories	(234,279)
Decrease of clients	14,665
Increases in other receivables arising from operating activities	(298,361)
Increase (decrease) on suppliers	62,313
Increase (decrease) in other accounts payable	276,854
Total adjustments to reconcile profit	327,343
Net cash flows used in operations	713,452
Taxes on profits (paid)	(2,032)
Resources provided by operation activities	715,484
Cash Flows from Investment Activities	30 sept 2017
Cash flow to obtain the control of subsidiaries	275,205
Investment of properties and equipment	1,259,880
Sale of properties, plant and equipment	20,083
Interests income	125,339
Net cash flow from investment activities	(1,389,663)
Cash flows from (used) in financing activities	30 sept 2017
Payments to acquire shares of the company	56,026
Interest paid	3,499
Net cash flows from (used) in financing activities	(59,525)
Cash flow from investing activities	(733,704)
Financing activities	30 sept 2017
Increase/decrease in cash and temporary investments	(733,704)
Cash and temporary investments at beginning of year	3,225,363
Cash and temporary investments at the end of year	2,491,659