

LA COMER, S.A.B. DE C.V. (BMV: LACOMER) ANNOUNCES TODAY ITS 3RDQ16 RESULTS

Mexico City, October 26th, 2016. 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 2016 results.

Third Quarter 2016 Results

Highlights:

- ✓ New promotional campaign: “Temporada Naranja”
- ✓ Two new stores: one Fresko and one City Market
- ✓ Gross margin of 24.6%

	Third Quarter	
	2016	%
Net Sales	3,713.3	100.0
Cost of Sales	2,799.7	75.4
Gross Profit	913.5	24.6
Operating Expenses	893.5	24.1
Operating Profit	20.0	0.5
EBITDA¹	217.1	5.9
Net Financial Result	35.0	0.9
Taxes and other	12.8	0.3
Net Income	42.2	1.1
Capex ²	232.8	
Same Store Sales (%)	(0.6)	
Clients (thousands)	14,726	
Number of stores	57	
Sales area (m ²)	252,654	

In millions of Mexican pesos,

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

(2) Capital Expenditures: Are those investments in Property, Plant and Equipment, and other long-lasting investments.

Quarterly Results

The new Company with 54 stores from the spinoff, began operations on January 1st, 2016. For the same period of 2015 these 54 stores belonged to Comerci, along with other 143 stores that were sold to Soriana. Any comparison versus 2015 figures has to be regarded as the best estimation of the administration of the performance of the 54 stores as being part of Comerci. The performance of the 54 stores as part of Comerci, could differ substantially from their performance on La Comer operating independently.

Sales

For the third quarter of 2016, consolidated net sales showed an increase of 1.4% compared to the same period of last year. City Market and Fresko formats presented during the quarter significant increases in both, same-store sales as well as total sales. This, because the public has showed wide acceptance for these formats; and additionally, helped by the openings of new stores during the year.

La Comer format presented an important decrease in sales. The company's decision of getting out of the dress cloth products had a significant impact in the sales of this format. Additionally, the format was affected by the basis of comparison against last year, because of the different summer promotional campaign. The Sumesa format also had a slight decrease in sales.

The geographical area with better sales increases was the Northwest area, followed by the Central region of the country.

By product, the category that had higher sales growth was perishables, and those products with significant decreases in sales were textile and electronics products. This trend is in line with the current strategy of the company to maintain differentiation in assortment and quality on perishables and also from getting out of the selling of dress cloth.

The decrease of 0.6% in same store sales was due to two factors: the impact of the textile category; and the comparison that the formats La Comer, Fresko and Sumesa faced with the promotional campaign of last year. It should be noted that despite this, the format Fresko presented significant increases in same stores sales during the quarter.

It is noteworthy that this year, the company developed a new promotional campaign called "Temporada Naranja" ("Orange Season") with which we are very pleased because it helped to limit the impact mentioned above. This campaign offered to our customers, product promotions in several departments.

Gross Profit

During the development of our campaign Temporada Naranja, we received from our suppliers, substantial commercial and logistical support, achieving for our company appropriate results.

Some key indicators of the operation that were affected during the first half of the year, as the percentage of shrinkages and fluctuations in inventories, have been corrected in this quarter after the implementation of additional control measures.

Together with our suppliers and with our logistics consultants we are implementing changes in our distribution centers to adjust procedures to the new volumes of operation. In this regard, during this quarter, we had some extraordinary expenses related to remodeling of our distribution center. We expect to finish these adjustments later this year.

Operating profit and EBITDA

The smaller scale of operation has impacted some expenses, measured as percentage of sales that had a significant increase when compared against the proportional part that historically was allocated to the 54 stores. This mainly applies for corporate expenses.

During this quarter we had some factors that affected our operating margin when compared to margins obtained in previous quarters:

- Extraordinary expenses in advertising related to the new promotional campaign "Temporada Naranja" and the promotions held for the opening of new stores.
- Significant increases in the pre-operating expenses related to the preparation processes of the stores that have opened this quarter and the ones that will be opened during the rest of the year.
- Finally, during this quarter we had some extraordinary expenses related to the transition of the company. In previous quarters we had only minor effects in this subject.

Depreciation and amortization had a significant increase mainly due to two reasons: the revaluation of most of the assets of the company that had to be transferred to La Comer at the end of 2015; and the amortization of intangible assets, as brands and the session of rights to operate the stores, that Comercial City Fresko (the main subsidiary of La Comer) acquired at the end of 2015. Just the amortization from the intangible assets (the brands and the rights to operate the stores), during the quarter amounted \$110.4 million pesos.

Net Financial Result

Within this concept, the \$35.0 million pesos in the financial result are mostly due to interests and financial products received by investment.

Working Capital

The company has maintained a solid cash balance during the year, going from \$3,077 million pesos at the beginning of year to \$2,975 million pesos at the end of this quarter. This, even investing during the year more than one billion pesos in Capex

Suppliers decreased to \$1,714 million during the quarter. This is because the previous quarter ended during the operation of the "Temporada Naranja" in which the stores have higher inventory levels. Therefore, the level of inventories also decreased to \$1,882 million pesos, although we maintain level slightly higher for the season, due to higher provisioning strategy in the stores.

YTD September 2016 Results

Highlights:

- ✓ Increase in total sales of 3.9% as of September 30, 2016
- ✓ Increase in same store sales of 2.4%
- ✓ EBITDA margin of 6.7%
- ✓ Opening of a total of three stores: two Fresko and one City Market

	YTD September	
	2016	%
Net Sales	10,829.5	100.0
Cost of Sales	8,176.3	75.5
Gross Profit	2,653.2	24.5
Operating Expenses	2,523.8	23.3
Operating Profit	129.4	1.2
EBITDA ¹	721.3	6.7
Net Financial Result	85.3	0.8
Gains from discontinued operations	64.6	0.6
Taxes and other	61.4	0.6
Net Income	217.8	2.0
Capex ²	1,096.0	
Same Store Sales (%)	2.4	
Clients (thousands)	43,295	
Number of stores	57	
Sales area (m ²)	252,654	

In millions of Mexican pesos

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

(2) Capital Expenditures: Are those investments in Property, Plant and Equipment, and other long-lasting investments.

Net Sales

Total sales amounted \$10,830 million pesos showing an increase of 3.9%; supported mainly by the good performance of City Market and Fresko formats and also for the opening of 3 new stores during the year. The formats La Comer and in lesser extent Sumesa, which together account for 72% of sales, presented virtually zero growth in same store sales, mainly affected by the decision of the company of leaving the dress cloth products and by the difference in summer campaigns (which impacts the comparison base).

By category, the company has double-digit growth in perishable and very significant reductions in textiles and technology. The decrease in the category of textiles is explained by the decision of the company to get out of selling outerwear. The important increase in perishables, although in some extent is explained by inflation on these products, also confirms the success that the company is achieving in offering to its customers higher quality and better assortment of products in these sections.

Gross profit

With respect to purchasing costs, we have received from our suppliers the same support and cooperation that historically they have provided to us. We will continue working to maintain excellent relationships with them to achieve higher productivity for both parts.

Some key indicators of operation, as the percentage of losses and fluctuating inventories have had affectations during the first half of the year that had been corrected with better measures implemented during the third quarter.

The storage and distribution costs have been affected by the lower operating volume, and by a process of adjustment to suit the scale of current operation. Additionally, we have had some extraordinary costs for adjustments of the distribution center to suit the changing needs of the company's operation.

Operating Profit and EBITDA

Operating income was affected by pre-operating expenses and extraordinary advertising costs, primarily related to the institutional campaign and the promotion of new stores.

With regard to the institutional campaign, we consider important to clearly transmit to our customers our value proposal that differentiate us from the competition.

Amortization of intangible assets, the value of brands and the session of rights to operate the stores, was for the first nine months of the year an expense of \$334.3 million pesos.

Net Financial Result and Discontinued operations

Within this concept, it is important to mention that the \$85.3 million pesos in the financial results concept is largely due to interest income received by investment.

For the concept of discontinued operations for the first nine months of 2016 the company obtained a profit of \$64.6 million pesos, mainly from the gain on the sale of the restaurant Jajalpa in the first quarter and the selling of an additional subsidiary in the second quarter of the year.

Investment projects

On April 21st, 2016 one Fresko store was opened in the city of Guadalajara with sales area of 4,138 square meters. Also in the city of Guadalajara, it was opened at the end of July, another Fresko store with a sales area of approximately 2,000 square meters. In September the company opened a City Market in the city of Queretaro with approximately 3,400 square meters of sales area. This is the first store of this format that is opened outside the metropolitan area of Mexico City.

We are through the process of remodeling two large stores to fit the format La Comer. In this process the square meters of sales area will be reduced, and specialized departments for prepared food will be added to continue with the concept that characterize the company. Also, spaces for commercial leasing will be included.

For the rest of the year we will open two additional Fresko stores.

Because of situations beyond the control of the company, the additional City Market originally planned to open this year, will be open during the first quarter of 2017. So for 2017, we will have the opening of this City Market and also the opening of the additional 7 stores that we originally projected for that year, to continue with our growth plan. In the same way, most of the remodeling of stores scheduled for this year, we estimate will be held throughout the next year.

Transition

During the third quarter, the company has continued with some transition processes mainly in the areas of logistics and procurement. This has affected some results of the company but according to the levels that had been originally estimated. We hope to end with the transition process by the end of 2016 with mild and temporary effects.

Installed capacity

As of today, the company runs 57 stores nationwide on four different store formats with the brands: La Comer, Sumesa, City Market, and Fresko.

The installed capacity was as follows:

	Stores	Sq.mts.
La Comer	29	201,439
Sumesa	13	10,764
City Market	7	17,554
Fresko*	8	22,897
	57	252,654

Sustainability and Social Responsibility

As for the activities of social responsibility and sustainability, the company supported various foundations (Dibujando un mañana, Un Kilo de Ayuda, Fundación Mexicana para el Desarrollo Rural, Comedor Santa María, Probosque de Chapultepec and Solo por Ayudar) with selling their philanthropy goods in the stores. All income generated is given to them. In addition, in October, La Tienda Rosa (The Pink Store) campaign was launched in order to have products that support women with breast cancer.

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 (Mauricio Serna)

Sincerely,

Rogelio Garza Garza
Chief Financial Officer

Conference call 3T16

Date & hour: Thursday October 27, 2016 at 10:00 a.m. Mexico City (MEX), 11:00 a.m. (US-NY).
It is recommended to get connected 15 minutes before the conference starts.

Speakers: Rogelio Garza, CFO
Yolotl Palacios, Investor Relations

Phone: EUA: +1 (844) 845-4172
International: +1 (412) 317-5447
Access Code (Conference ID): La Comer

Replay: Tels. +1 (877) 344-7529 / (412) 317-0088 (End date Nov. 3)
Access Code: 10094160

Webcast: To follow the presentation on webcast, please click on the link:
<http://webcast.neo1.net/Cover.aspx?PlatformId=QpNQJkfAj80aAwwPGSoZnQ%3D%3D>

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LA COMER, S.A.B. DE C.V.
QUARTER INCOME STATEMENT
(In thousands Mexican pesos as of Sept. 30, 2016)

	3 Q 2016	%
Net Sales	3,713,261	100.0%
Cost of Sales	2,799,746	75.4%
Gross Profit	913,515	24.6%
Selling expenses	743,637	20.0%
Administrative Expenses	137,492	3.7%
Other income	1,684	0.0%
Other expenses	14,063	0.4%
Operating profit	20,007	0.5%
Financial income	35,831	1.0%
Financial expenses	834	0.0%
Earnings (Loss) Before Tax	55,004	1.5%
Income tax	12,811	0.3%
Net Income (Loss)	42,193	1.1%
Depreciation & Amortization	197,046	5.3%
EBITDA	217,053	5.9%

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

(In thousands Mexican pesos as of Sept. 30, 2016)

	As of Sept. 30, 2016	%
Net Sales	10,829,523	100.0%
Cost of sales	8,176,331	75.5%
Gross profit	2,653,192	24.5%
Selling expenses	2,088,931	19.3%
Administrative expenses	423,023	3.9%
Other income	147,387	1.4%
Other expenses	159,245	1.5%
Operating profit	129,380	1.2%
Financial income	88,455	0.8%
Financial expenses	3,174	0.0%
Earnings (loss) before tax	214,661	2.0%
Income tax	61,437	0.6%
Gains before discontinued operations	153,224	1.4%
Gains from discontinued operations	64,594	0.6%
Net income (loss)	217,818	2.0%
Depreciation & amortization	591,931	5.5%
EBITDA	721,311	6.7%

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

(In thousands Mexican pesos as of Sept. 30, 2016)

Sept 30, 2016

Current Assets	
Cash and temporary investments	2,975,065
Clients (net account receivables)	490,310
Recoverable taxes	23,123
Other financial assets	440,346
Inventories	1,882,025
Current assets other than non-current assets	5,810,869
Total current assets	5,810,869
Property, plant and equipment (net)	9,888,645
Intangible assets other than goodwill	6,645,289
Deferred tax assets	314,818
Other non-current non-financial assets	9,656
Total noncurrent assets	16,858,408
Total assets	22,669,277
Trade payables and other accounts	2,485,570
Taxes payable	17,071
Other accrued liabilities	232,195
Total current provisions	232,195
Other current liabilities other than liabilities attributable to assets held for sale	2,734,836
Current liabilities	2,734,836
Provisions for employee long term benefits	70,211
Deferred tax liabilities	61,415
Total long-term liabilities	131,626
TOTAL LIABILITIES	2,866,462
Majority stock holders' equity	
Capital stock	1,966,662
Cost share issue	193,896
Total earned capital	16,090,289
Other accumulated comprehensive results	1,551,968
Total controlling interest	19,802,815
Consolidated stock holders' equity	19,802,815
Total liabilities and stockholders' equity	22,669,277