

LA COMER, S.A.B. DE C.V. (BMV: LACOMER) ANNOUNCES TODAY ITS 4THQ17 RESULTS

Mexico City, February 21st, 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 4th Q 2017 results.

Fourth Quarter 2017 Results

Highlights:

- ✓ Increase in total sales of 12.7% and same store sales growth of 12.5%
- ✓ Gross margin of 25.4%
- ✓ EBITDA margin of 10.0%
- ✓ Extraordinary income of \$195 million pesos for the sale of a property
- ✓ Opening of three stores: two City Market and one La Comer store

| | 4Q 2017 | | | | |
|------------------------------|----------------|--------------|----------------|--------------|--------------|
| | 2017 | % | 2016 | % | Var % |
| Net sales | 4,428.3 | 100.0 | 3,927.8 | 100.0 | 12.7 |
| Cost of sales | 3,302.0 | 74.6 | 2,971.3 | 75.6 | 11.1 |
| Gross profit | 1,126.3 | 25.4 | 956.5 | 24.4 | 17.8 |
| Operating expenses | 840.8 | 19.0 | 905.7 | 23.1 | (7.2) |
| Operating profit | 285.5 | 6.4 | 50.8 | 1.3 | 462.0 |
| EBITDA ¹ | 442.2 | 10.0 | 216.5 | 5.5 | 104.3 |
| Net financial result | 52.2 | 1.2 | 38.2 | 1.0 | 37.0 |
| Taxes and other | (58.4) | (1.3) | (45.3) | (1.2) | 29.2 |
| Discontinued operations | 0.0 | 0.0 | 0.8 | 0.0 | nd |
| Net Income | 396.1 | 8.9 | 135.0 | 3.4 | 193.4 |
| Same Store Sales (%) | 12.5 | | 6.0 | | |
| Clients (thousands) | 15,345 | | 14,748 | | 4.0 |
| Number of stores | 61 | | 59 | | 3.4 |
| Sales area (m ²) | 250,259 | | 242,312 | | 3.3 |

In millions of Mexican pesos,

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

Quarterly Results

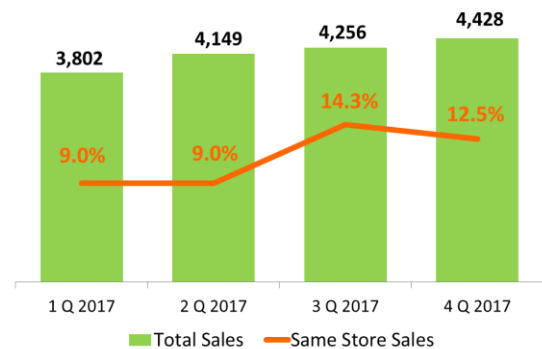
Sales

Net sales for the quarter amounted \$4,428 million pesos having an increase of 12.7% compared to the same period in 2016. Same store sales in the quarter grew 12.5%. The increase in same store sales was more than double 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. The robust growth shown by our sales is due to the acceptance of the formats and to the good implementation of our differentiation strategy.

During this quarter, the national campaign “El Buen Fin” was carried out. The company participated with various promotions in a variety of products, presenting increases in sales with respect to that campaign, above to those reported by ANTAD.

By region, there was an increase in same store sales in the central region of the country.

By type of product we can mention that during the quarter there were similar increases for the categories of perishables and groceries; nevertheless we had a bigger increase in sales of general merchandise.



Gross Profit

Gross profit for the quarter increased from \$956 million pesos in 2016 to \$1,126 million pesos in the fourth quarter of 2017; an increase of 17.7% compared to the previous year. Gross margin for the fourth quarter of 2017 was 25.4% compared to 24.4% in the same period of the previous year, having an increase of 100 basis points.

The benefit in gross margin was mainly explained by the positive effect in the change of the sales mix of the formats, as well as by the increase in sales of differentiated products. In addition, the greater efficiencies in the costs of storage and distribution of products which have been obtained during the year represent a significant improvement in the cost of logistics in the quarter.

Operating profit and EBITDA

During the quarter, operating income amounted \$286 million pesos, presenting an operating margin of 6.4%. EBITDA margin was 10.0% for the fourth quarter to reach \$442 million pesos.

During the reported quarter, an extraordinary income of \$195 million pesos was included in the other income and expense account due to the sale of a property that the company carried out in the central zone of the country. This property is adjacent to our newly opened store of City Market Puebla. It was decided to sell the adjoining property in that location, to facilitate the development of a shopping center that could potentiate the sales of our store.

During the quarter, 3 stores were opened: 2 City Markets and one La Comer store. Because of this, there were pre-operative expenses of approximately \$100 million pesos, which were used mainly on hiring and training the staff of the new stores, and also, used for promotional campaigns to make our new stores well known to the community where the stores were open.

Net Financial Result

During the quarter the company had a net financial income of \$52 million pesos due to interest and return on investment

Net income for the quarter increased to \$396 million pesos.

2017 Results

Highlights:

- ✓ Increase in total sales of 12.7%
- ✓ Increase in same store sales of 11.3%
- ✓ EBITDA margin of 8.3%

| | As of December 2017 | | | | |
|------------------------------|---------------------|--------------|-----------------|--------------|-------------|
| | 2017 | % | 2016 | % | Var % |
| Net sales | 16,635.5 | 100.0 | 14,757.3 | 100.0 | 12.7 |
| Cost of sales | 12,422.9 | 74.7 | 11,147.6 | 75.5 | 11.4 |
| Gross profit | 4,212.6 | 25.3 | 3,609.7 | 24.5 | 16.7 |
| Operating expenses | 3,441.1 | 20.7 | 3,194.1 | 21.6 | 7.7 |
| Operating profit | 771.5 | 4.6 | 415.6 | 2.8 | 85.6 |
| EBITDA ¹ | 1,374.0 | 8.3 | 937.8 | 6.4 | 46.5 |
| Net financial result | 123.6 | 0.7 | 123.4 | 0.8 | 0.2 |
| Taxes and other | 112.9 | 0.7 | 86.8 | 0.6 | 30.1 |
| | 0.0 | 0.0 | 65.3 | 0.4 | |
| Net Income | 782.2 | 4.7 | 517.5 | 3.5 | 51.1 |
| Same Store Sales (%) | 11.3 | | 3.3 | | |
| Clients (thousands) | 60,450 | | 58,386 | | 3.5 |
| Inventory days ratio | 69 | | 67 | | 2.4 |
| Supplier days ratio | 79 | | 72 | | 10.2 |
| Number of stores | 61 | | 59 | | 3.4 |
| Sales area (m ²) | 250,259 | | 242,312 | | 3.3 |

In millions of Mexican pesos,

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

Na= not available

Net sales

For the year, total sales amounted \$16,635 million, presenting an increase of 12.7% against previous year. Same store sales increased by 11.3%, more than double the growth reach by the ANTAD self-service sector. These increases are explained not only because the favorable consumer environment in the country; but additionally because to the good acceptance of our formats and the good execution of our promotional campaigns “Miércoles de Plaza” and “Temporada Naranja”.

During the year, our City Market and Fresko formats presented the highest sales growth. By products, there was an increase in sales in the categories of perishables and groceries confirming the current strategy of the company to maintain a differentiation in assortment and quality in the products of those sections. The geographical region that showed the greatest increase in sales in the year was the northwest area of the country.

Gross profit

Gross profit presented a margin of 25.3% as a percentage of sales, having a growth of 86 basis points against the same period of 2016.

The factor on costs that presented the greatest improvements was the cost of merchandise. This is mainly explained by the change in the mix of formats that is leaning the sale towards more differentiated products.

In addition, greater logistical efficiencies were obtained during the year, which represented a lower cost of storage and distribution of the products. The levels of losses and fluctuations also remained at controlled levels.

Operating income and EBITDA

Operating income grew 85.6% during the year, presenting an operating margin of 4.6%. Thus, the EBITDA margin was 8.3%, generating an operating cash flow of \$1,374 million pesos.

As previously mentioned, during the last quarter of the year, a sale of a property represented an extraordinary profit of \$195 million pesos for the company.

Within the expenses, there are approximately \$200 million pesos related to pre-operative expenses and promotion of the new stores. This amount includes not only the opening of the stores that we inaugurated during the year, but also some stores that we expect to open during 2018. This amount is substantially greater than the amount spent in the previous year for this item.

Despite having obtained greater efficiencies in the consumption of electricity, there was a significant increase in this expenditure during the year, given the significant increases that were experienced in electricity rates. The company continues to search for schemes that allow it to better control this expense.

Maintenance expenses increased significantly, given the company's strategy to keep all its units in optimum condition.

Financial income and discontinued operations

Within this concept, the company presented an integral result of financing of \$124 million pesos. There was an interest net income of \$162 million pesos due to interest and return on investment and a foreign exchange loss of \$39 million pesos. 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 of the year was \$782 million pesos with a 51.1% increase. During 2016 we had an income of discontinued operation of \$65 million pesos and this year we had a one-time profit effect of \$195 million pesos (minus tax impact) because of the selling of a property.

Working Capital

The company had a cash balance of \$2,545 million pesos 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 \$2,376 million pesos and for suppliers \$2,722 million pesos. Inventory turnover as of December 2017 was 69 days, and a turnover of 79 days for suppliers.

Investment projects

During the last quarter of the year, the company opened 3 new units in the central zone of the country. Two stores of the City Market formats in the cities of Guadalajara and Puebla and a La Comer store in the city of Nuevo Vallarta. It is important to mention that these openings were inaugurated in cities where these formats were not present.

At the beginning of this year, the company made a temporary closure of the store La Comer Insurgentes located in Mexico City to have a complete remodeling of the store. We expect to re-inaugurate it during the first quarter of 2018. During 2017 we finished the partial remodeling of La Comer Valle Dorado in the metropolitan area and the remodeling of the La Comer store in the city of Cuernavaca.

Installed capacity

The company has 61 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 | 29 | 187,627 |
| Sumesa | 13 | 10,009 |
| City Market | 9 | 25,579 |
| Fresko | 10 | 27,044 |
| | 61 | 250,259 |

Sustainability and Social Responsibility

Due to the earthquakes that occurred in September, the company launched an initiative together with its clients, to contribute with more than 60 thousand packages of food provisions delivered directly, house by house, with its own personnel, to the people in areas most affected by the earthquakes in the states of Morelos, Chiapas, Oaxaca and Puebla.

In addition, the company continues to support “Un Kilo de Ayuda” foundations and the Mexican Foundation for Rural Development. In October, La Tienda Rosa (The Pink Store) campaign was launched in order to have products that support women with breast cancer. Likewise, the company made both financial and in-kind donations in support to charities.

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)
- Banorte-IXE (Valentín Maldonado)
- Nau Securities LTD (Pedro Baptista)

Sincerely,

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

| | 4Q2017 | % | 4Q2016 | % | Var. |
|---|------------------|---------------|------------------|---------------|---------------|
| Net sales | 4,428,284 | 100.0% | 3,927,809 | 100.0% | 12.7% |
| Cost of sales | 3,301,975 | 74.6% | 2,971,279 | 75.6% | 11.1% |
| Gross profit | 1,126,309 | 25.4% | 956,530 | 24.4% | 17.7% |
| Selling expenses | 861,973 | 19.5% | 746,156 | 19.0% | 15.5% |
| Administrative expenses | 172,710 | 3.9% | 161,217 | 4.1% | 7.1% |
| Other income | 233,769 | 5.3% | 8,109 | 0.2% | 2782.8% |
| Other expenses | 39,847 | 0.9% | 6,487 | 0.2% | 514.3% |
| Operating profit | 285,548 | 6.4% | 50,779 | 1.3% | 462.3% |
| Financial income | 69,408 | 1.6% | 69,863 | 1.8% | -0.7% |
| Financial expenses | 17,235 | 0.4% | 31,695 | 0.8% | -45.6% |
| Earnings before tax & profit sharing | 337,721 | 7.6% | 88,947 | 2.3% | 279.7% |
| Income tax | (58,371) | -1.3% | (45,264) | -1.2% | 29.0% |
| Gains from continued operations | 396,092 | 8.9% | 134,211 | 3.4% | 195.1% |
| Gains from discontinued operations | - | 0.0% | 771 | 0.0% | -100.0% |
| Net income | 396,092 | 8.9% | 134,982 | 3.4% | 193.4% |
| Depreciation & amortization | 156,695 | 3.5% | 165,731 | 4.2% | -5.5% |
| EBITDA | 442,243 | 10.0% | 216,510 | 5.5% | 104.3% |

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

(In thousands Mexican pesos as of December 31, 2017)

| | 2017 | % | 2016 | % | Var. |
|---|-------------------|---------------|-------------------|---------------|--------------|
| Net Sales | 16,635,479 | 100.0% | 14,757,332 | 100.0% | 12.7% |
| Cost of sales | 12,422,865 | 74.7% | 11,147,610 | 75.5% | 11.4% |
| Gross profit | 4,212,614 | 25.32% | 3,609,722 | 24.46% | 16.7% |
| Operating expenses | 2,987,265 | 18.0% | 2,599,662 | 17.6% | 14.9% |
| Administrative expenses | 639,828 | 3.8% | 584,240 | 4.0% | 9.5% |
| Other income | 256,602 | 1.5% | 155,496 | 1.1% | 65.0% |
| Other expenses | 70,627 | 0.4% | 165,732 | 1.1% | -57.4% |
| Operating profit | 771,496 | 4.6% | 415,584 | 2.8% | 85.6% |
| Ingresos financieros | 229,993 | 1.4% | 158,318 | 1.1% | 45.3% |
| Financial expenses | 106,346 | 0.6% | 34,869 | 0.2% | 205.0% |
| Earnings before tax & profit sharing | 895,143 | 5.4% | 539,033 | 3.7% | 66.1% |
| Income tax | 112,943 | 0.7% | 86,800 | 0.6% | 30.1% |
| Gains from continued operations | 782,200 | 4.7% | 452,233 | 3.1% | 73.0% |
| Gains from discontinued operations | - | 0.0% | 65,365 | 0.4% | -100.0% |
| Net income | 782,200 | 4.7% | 517,598 | 3.5% | 51.1% |
| Depreciation & amortization | 602,500 | 3.6% | 522,238 | 3.5% | 15.4% |
| EBITDA | 1,373,996 | 8.3% | 937,822 | 6.4% | 46.5% |

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

(In thousands Mexican pesos as of December 31, 2017)

| | 2017 | 2016 |
|---|-------------------|-------------------|
| Current Assets | | |
| Cash and Temporary investments | 2,545,243 | 3,225,363 |
| Clients (net account receivables) | 719,598 | 465,453 |
| Recoverable taxes | 9,618 | 21,014 |
| Inventories | 2,376,227 | 2,082,285 |
| Other assets | 126,446 | 126,446 |
| Total Current Assets | 5,777,132 | 5,920,561 |
| Property, plant and equipment (Net) | 10,863,196 | 9,622,364 |
| Property and leasehold improvements | 752,048 | 486,373 |
| Intangible assets other than goodwill | 6,277,998 | 6,277,998 |
| Deferred tax assets | 149,827 | 240,644 |
| Other non-current non-financial assets | 764,305 | 890,351 |
| Total noncurrent assets | 18,807,374 | 17,517,730 |
| Total Assets | 24,584,506 | 23,438,291 |
| Trade payables | 3,348,743 | 3,043,565 |
| Taxes payable | 105,132 | 38,587 |
| Other accrued liabilities | 206,124 | 170,158 |
| Current Liabilities | 3,659,999 | 3,252,310 |
| Provisions for employee long term benefits | 77,911 | 69,236 |
| Deferred tax liabilities | 9,390 | 9,876 |
| Total long-term liabilities | 87,301 | 79,112 |
| Total Liabilities | 3,747,300 | 3,331,422 |
| Capital Stock | 1,966,662 | 1,966,662 |
| Share issuance | 193,896 | 193,896 |
| Total Earned Capital | 16,977,004 | 16,402,110 |
| Other comprehensive income | 1,699,644 | 1,544,201 |
| Total controlling interest | 20,837,206 | 20,106,869 |
| Stock Holders' Equity | 20,837,206 | 20,106,869 |
| Total liabilities and stockholders' equity | 24,584,506 | 23,438,291 |

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

| Operation Activities | 2017 | 2016 |
|--|--------------------|--------------------|
| Earnings (Loss) net | 782,200 | 517,598 |
| Adjustments to reconcile earnings | 2017 | 2016 |
| Discontinued operations | - | (65,365) |
| Taxes payable | 112,942 | 86,800 |
| Financial income & expense | (162,243) | (109,447) |
| Depreciation and amortization expenses | 602,500 | 522,238 |
| Provisions | 14,819 | 10,739 |
| Income from disposal of current assets | (163,927) | (2,319) |
| Decrease (increase) in inventories | (293,942) | (628,021) |
| Decrease of clients | 4,182 | 10,790 |
| Increases in other receivables arising from operating activities | (287,628) | 419,237 |
| Increase (decrease) on suppliers | 505,220 | 381,099 |
| Increase (decrease) in other accounts payable | (119,225) | 375,185 |
| Total adjustments to reconcile profit | 212,698 | 1,000,936 |
| Net cash flows used in operations | 994,898 | 1,518,534 |
| Taxes on profits (paid) | (8,949) | 64,574 |
| Resources provided by operation activities | 1,003,847 | 1,453,960 |
| Cash Flows from Investment Activities | 2017 | 2016 |
| Cash flow from the loss of control of subsidiaries or other businesses | - | 92,927 |
| Amounts from the sale of property, plant and equipment | 322,514 | 66,931 |
| Purchases of property, plant and equipment | 2,114,767 | 1,501,898 |
| Interests income | 166,660 | 113,289 |
| Net cash flow from investment activities | (1,625,593) | (1,228,751) |
| Cash flows from (used) in financing activities | 2017 | 2016 |
| Payments to acquire shares of the company | 53,957 | 73,052 |
| Interest paid | 4,417 | 3,842 |
| Net cash flows from (used) in financing activities | (58,374) | (76,894) |
| Cash flow from investing activities | (680,120) | 148,315 |
| Financing activities | 2017 | 2016 |
| Increase/decrease in cash and temporary investments | (680,120) | 148,315 |
| Cash and temporary investments at beginning of year | 3,225,363 | |
| Cash and temporary investments at the end of year | 2,545,243 | 3,225,363 |