

LA COMER, S.A.B. DE C.V. (BMV: LACOMER) ANNOUNCES TODAY ITS 1ST Q18 RESULTS

Mexico City, April 25th, 2018. 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 1st Q 2018 results.

First Quarter 2018 Results

Highlights:

- ✓ Increase in total sales of 13.8% and same store sales growth of 10.6%
- ✓ Gross margin of 27.1%
- ✓ EBITDA margin of 8.6%
- ✓ Re-opening of La Comer Insurgentes in Mexico City

	1Q 2018					
	2018	%	2017	%	Var %	
Net sales	4,287.3	100.0	3,766.6	100.0	13.8	
Cost of sales	3,125.6	72.9	2,775.5	73.7	12.6	
Gross profit	1,161.7	27.1	991.1	26.3	17.2	
Operating expenses	954.8	22.3	828.7	22.0	15.2	
Operating profit	206.8	4.8	162.4	4.3	27.4	
EBITDA ¹	369.2	8.6	304.4	8.1	21.3	
Net financial result	25.7	0.6	(14.3)	(0.4)	279.7	
Taxes and other	60.2	1.4	45.2	1.2	33.1	
Net Income	172.3	4.0	102.8	2.7	67.5	
Same Store Sales (%)	10.6		9.0			
Clients (thousands)	15,171		14,601		3.9	
Inventory days ratio	68		65		4.6	
Supplier days ratio	70		64		9.4	
Number of stores	61		58		5.2	
Sales area (m ²)	248,646		236,712		5.0	

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 \$4,287 million pesos having an increase of 13.8% compared to the same period in 2017. Same store sales in the quarter grew 10.6%. Sales increases continue to exceed the growth presented by the self-service sector published by ANTAD. For this year, we had a negative calendar effect, because the Holy Week was celebrated in March. Many of our stores are located in a high income area and during holiday periods, contrary to the rest of the self-service sector, there is a significant decrease in sales.

Total sales of the quarter were favored by 25 days of operation of the new store La Comer Insurgentes that was re-opened after one year of total closure for remodeling

All our formats, regions and categories presented positive numbers, but our format La Comer as well as the City Market stores presented the highest increases in sales during the quarter.

By region, the mayor increases in same store sales were in the central region of the country.

By product category we can highlight the increase in sales of perishables during the quarter, especially in the prepared food division.

Gross Profit

Gross profit increased from \$ 991 million pesos in the first quarter of 2017 to \$ 1,162 million pesos in the first quarter of 2018; presenting an increase of 17.2%. The gross margin for the first quarter of 2018 was 27.1% compared to 26.3% in the same period of the previous year, showing an increase of 81 basis points.

To maintain a competitive cost of sales, greater logistical efficiencies have been obtained, which represent a lower cost of storage and distribution of products, as well as maintaining competitive levels of shrinkage.

Operating profit and EBITDA

For the first quarter of 2018 there was an operating profit of \$207 million pesos, presenting an operating margin of 4.8% and a margin in EBITDA of 8.6%. Operating cash flow for the quarter was \$ 369 million pesos, showing a growth of 21.3%

During the quarter there was an effect for the closure of one store located in the State of Mexico representing almost \$14 million pesos in extra one-time expenses. The company took the decision to close that store because it was located in a neighborhood that did not correspond to the new strategy of the company. Additionally, the financial results of that store were not acceptable.

Pre-operative expenses amounted \$34 million pesos during the quarter, and were incurred both for the preparation of the stores to be opened and also because of the promotional campaign for the re-opening of La Comer Insurgentes. Some of the expenses were used for hiring and training the staff of the new stores that would open throughout the year.

Net Financial Result

During the quarter the company had a net financial income of \$26 million pesos due to interest and return on investment

Net income for the quarter was \$172 million pesos, presenting an increase of 67.5%.

Working Capital

The company had a cash balance of \$2,301 million pesos compared to a cash balance as of December 2017 of \$2,545 million pesos. This decrease in cash is due to the new investments that are being made for the future opening of stores during the year. Levels for inventories were \$2,375 million pesos and for suppliers \$2,458 million pesos. Inventory turnover as of March 2018 was 68 days, and a turnover of 70 days for suppliers, having a two day difference.

Investment projects

During this quarter, the company re-opened the La Comer Insurgentes store located in Mexico City that had been closed in its entirety for a complete remodeling. On April 26 the company will open a La Comer store in the city of Puerto Vallarta with which the company will have 62 stores in its different formats.

It is important to mention that during this quarter the company closed a store in the State of Mexico because its location did not correspond to the company's new strategy of differentiation.

Installed capacity 1Q2018

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	186,014
Sumesa	13	10,009
City Market	9	25,579
Fresko	10	27,044
	61	248,646

Sustainability and Social Responsibility

The company continues to support Un Kilo de Ayuda foundations; and the Mexican Foundation for Rural Development. During the quarter, several donations were made 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 Mendoza Balderas)
- Nau Securities LTD (Pedro Baptista)

Sincerely,

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LA COMER, S.A.B. DE C.V.
INCOME STATEMENT
(In thousands Mexican pesos as of March 31, 2018)

	1Q2018	%	1Q2017	%	Var.
Net sales	4,287,310	100.0%	3,766,571	100.0%	13.8%
Cost of sales	3,125,637	72.9%	2,775,466	73.7%	12.6%
Gross profit	1,161,673	27.1%	991,105	26.3%	17.2%
Selling expenses	778,230	18.2%	676,608	18.0%	15.0%
Administrative expenses	166,379	3.9%	153,016	4.1%	8.7%
Other income	6,488	0.2%	2,773	0.1%	134.0%
Other expenses	16,708	0.4%	1,858	0.0%	799.2%
Operating profit	206,844	4.8%	162,396	4.3%	27.4%
Financial income	45,125	1.1%	49,310	1.3%	-8.5%
Financial expenses	19,447	0.5%	63,637	1.7%	-69.4%
Earnings before tax & profit sharing	232,522	5.4%	148,069	3.9%	57.0%
Income tax	60,212	1.4%	45,225	1.2%	33.1%
Gains from continued operations	172,310	4.0%	102,844	2.7%	67.5%
Net income	172,310	4.0%	102,844	2.7%	67.5%
Depreciation & amortization	162,317	3.8%	141,986	3.8%	14.3%
EBITDA	369,161	8.6%	304,382	8.1%	21.3%

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

(In thousands Mexican pesos as of March 31, 2018)

	1Q2018	2017
Current Assets		
Cash and Temporary investments	2,300,809	2,545,243
Clients (net account receivables)	722,723	719,598
Recoverable taxes	13,618	9,618
Inventories	2,374,688	2,376,227
Other assets	125,213	126,446
Total Current Assets	5,537,051	5,777,132
Noncurrent Assets		
Property, plant and equipment (Net)	11,087,073	10,863,196
Property and leasehold improvements	750,223	752,048
Intangible assets other than goodwill	6,277,998	6,277,998
Deferred tax assets	178,302	149,827
Other non-current non-financial assets	726,690	764,305
Total noncurrent assets	19,020,286	18,807,374
Total Assets	24,557,337	24,584,506
Current Liabilities		
Trade payables	3,134,625	3,348,743
Taxes payable	24,097	105,132
Other accrued liabilities	212,205	206,124
Total Current Liabilities	3,370,927	3,659,999
Long-term Liabilities		
Provisions for employee long term benefits	78,817	77,911
Deferred tax liabilities	98,077	9,390
Total long-term liabilities	176,894	87,301
Total Liabilities	3,547,821	3,747,300
Stockholders' Equity		
Capital Stock	1,966,662	1,966,662
Share issuance	193,896	193,896
Total Earned Capital	17,149,314	16,977,004
Other comprehensive income	1,699,644	1,699,644
Total controlling interest	21,009,516	20,837,206
Stock Holders' Equity	21,009,516	20,837,206
Total liabilities and stockholders' equity	24,557,337	24,584,506

LA COMER, S.A.B. DE C.V.
CASH FLOW STATEMENT
(In thousands Mexican pesos as of March 31, 2018)

Operation Activities	2018	2017
Earnings (Loss) net	172,310	102,844
Adjustments to reconcile earnings	2018	2017
Taxes payable	60,212	45,225
Financial income & expense	(35,998)	(32,152)
Depreciation and amortization expenses	162,317	141,986
Provisions	4,093	2,267
Income from disposal of current assets	6,882	(55)
Decrease (increase) in inventories	1,539	43,446
Decrease of clients	40,116	20,784
Increases in other receivables arising from operating activities	(39,712)	(126,601)
Increase (decrease) on suppliers	(264,194)	(216,783)
Increase (decrease) in other accounts payable	(44,937)	(210,652)
Total adjustments to reconcile profit	(109,682)	(332,535)
Net cash flows used in operations	62,628	(229,691)
Taxes on profits (paid)	6,859	(740)
Resources provided by operation activities	(55,769)	(228,951)
Cash Flows from Investment Activities	2018	2017
Amounts from the sale of property, plant and equipment	827	55
Purchases of property, plant and equipment	337,028	(122,615)
Interests income	38,482	33,117
Net cash flow from investment activities	(297,719)	155,787
Cash flows from (used) in financing activities	2018	2017
Payments to acquire shares of the company	-	36,400
Interest paid	2,484	965
Net cash flows from (used) in financing activities	(2,484)	(37,365)
Cash flow from investing activities	(244,434)	(110,529)
Financing activities	2018	2017
Increase/decrease in cash and temporary investments	(244,434)	(110,529)
Cash and temporary investments at beginning of year	2,545,243	3,225,363
Cash and temporary investments at the end of year	2,300,809	3,114,834