

## LA COMER, S.A.B. DE C.V. (BMV: LACOMER) ANNOUNCES TODAY ITS 1<sup>ST</sup> Q19 RESULTS

Mexico City, April 30, 2019. 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 1<sup>st</sup> Q 2019 results.

The results presented in the first quarter of 2019, have the effects of IFRS16. This rule affected the Company mainly for real estate lease contracts where some of the stores operate and for leases of transportation equipment. Total liabilities based on the new standard increased by \$1,260 million pesos.

*For the present report, some additional disclosures were required, presenting the First Quarter of 2018 pro forma including IFRS 16 effects, with the best estimates of the administration, applying the same criteria that were used for the application of the norm in the first quarter of 2019. The retroactive IFRS 16 effects are not audited, but are based on the audited figures of 2018.*

### First Quarter 2019 Results

#### Highlights:

- ✓ Increase in total sales of 14.8% and same store sales growth of 7.3%
- ✓ Gross margin of 27.7%
- ✓ EBITDA margin of 10.3%
- ✓ Opening of a La Comer store in Puebla

	1 Q 2019 BMV			*Proforma 2018		
	2019	%	2018	2018		
<b>Net sales</b>	<b>4,921.6</b>	<b>100.0</b>	<b>4,287.3</b>	<b>4,287.3</b>	<b>100.0</b>	<b>14.8%</b>
Cost of sales	3,556.7	72.3	3,125.6	3,125.5	72.9	13.8%
Gross profit	1,364.9	27.7	1,161.7	1,161.8	27.1	17.5%
Operating expenses	1,065.1	21.6	954.8	940.0	21.9	13.3%
<b>Operating profit</b>	<b>299.8</b>	<b>6.1</b>	<b>206.9</b>	<b>221.8</b>	<b>5.2</b>	<b>35.2%</b>
EBITDA <sup>1</sup>	507.3	10.3	369.1	404.0	9.4	25.6%
<b>Operating cash flow<sup>2</sup></b>	<b>460.6</b>	<b>9.4</b>	<b>369.1</b>	<b>369.1</b>	<b>8.6</b>	<b>24.9%</b>
Net financial result	13.5	0.3	25.7	2.3	0.1	487.0%
Taxes and other	52.7	1.1	60.2	60.2	1.4	-12.5%
<b>Net Income</b>	<b>260.6</b>	<b>5.3</b>	<b>172.4</b>	<b>163.8</b>	<b>3.8</b>	<b>59.1%</b>
Same Store Sales (%)	7.3		10.6			
Clients (thousands)	16,160		15,171			6.5%
Inventory days ratio	70		68			2.3%
Supplier days ratio	72		70			3.4%
Number of stores	66		61			8.2%
Sales área (sq.mts.)	279,835		248,646			12.5%

In millions of Mexican pesos.

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

(2) Operating Cash Flow refers to EBITDA minus the flow for payment of rents, EBITDA without IFRS16 effects.

\* 1Q2018 Pro forma financial information, includes effects of IFRS 16

## Quarterly Results

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### Sales

Net sales for the quarter amounted \$4,922 million pesos having an increase of 14.8% compared to the same period in 2018. Same store sales in the quarter grew 7.3%. Same store sales increases continue to exceed the growth presented by other participants of the self-service sector during the last 9 consecutive quarters. During this period, we had a positive calendar effect due to the fact that this year the Easter was celebrated in the month of April and not in March as last year. Many of our stores are located in areas that in holiday periods, contrary to what happens in the rest of the self-service sector, show a significant decrease in sales.

We estimate that during the quarter the impact of the shortage of gasoline that occurred in Mexico City, as well as in other states of the Mexican Republic, earlier this year, was relatively moderate.

All the formats, regions and categories present positive numbers, but the Fresko format presented the highest sales increases in the quarter.

By region, there was a greater growth in same store sales in the West region of the country since the stores that have opened in that area continue to have very favorable sales increases showing the acceptance of our formats in that region.

By product category, we can highlight that during the quarter there were significant increases in the category of perishables.

### Gross Profit

Gross profit increased from \$1,162 million pesos in the first quarter of 2018 to \$1,365 million pesos in the first quarter of 2019; presenting an increase of 17.5%. The gross margin for the first quarter of 2019 was 27.7% compared to 27.1% in the same period of the previous year, showing an increase of 63 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, EBITDA and Operating Flow

For the first quarter of 2019 there was an operating profit of \$300 million pesos, presenting an operating margin of 6.1%. The pro-forma comparison, during 2018, presented an operating margin of 5.2%. This represented an increase in operating income in 2019 of 35.2% against the pro-forma of the previous year.

Some accounts with relevant increases in expenses were:

- Electric power.
- Expenses related to our online sales system (e-commerce) "La Comer en tu Casa".

The EBITDA margin for the first quarter of 2019 was 10.3%. Compared with the pro-forma data, the EBITDA margin for 2018 was 9.4%. EBITDA for the first quarter of 2019 was \$507 million pesos, showing an increase against the pro-forma of 2018 of 25.6%.

The Operating Cash Flow (EBITDA without IFRS16 effects), was for the first quarter of 2019 of \$461 million pesos presenting an increase of 24.9% compared to the first quarter of 2018. Operating margin for the first quarter of 2019 was 9.4% that compares with 8.6% for the same period of the previous year.

### Net Financial Result

Within this concept, the company presented a Net Financial Income of \$14 million pesos. Financial expenses were \$43 million pesos which included \$ 29 million pesos of Interest on leases and the rest for exchange losses. Financial income of \$ 57 million pesos was obtained of \$ 46 million pesos from investment income and \$11 million pesos from exchange gain.

Net income for the quarter was \$261 million pesos, presenting an increase against a pro-forma estimate of 2018 of 59.1%.

### Working Capital

The company had a cash balance of \$2,686 million pesos compared to a cash balance as of December 2018 of \$2,602 million pesos. Levels for inventories were \$2,803 million pesos and for suppliers \$2,905 million pesos. Inventory turnover as of March 2019 was 70 days, and a turnover of 72 days for suppliers, having a two day difference.

### Investment projects

During this quarter, the company opened a La Comer store in the City of Puebla.

### Installed capacity 1Q2019

The company has 66 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	31	202,458
Sumesa	13	10,303
City Market	11	34,023
Fresko	11	33,051
	66	279,835

## Sustainability and Social Responsibility

The company continues to support Un Kilo de Ayuda foundations; 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 (Martha Shelton)
- 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,

**Rogelio Garza Garza**

Chief Financial Officer

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**LA COMER, S.A.B. DE C.V.**  
**INCOME STATEMENT**  
(In thousands Mexican pesos as of March 31, 2019)

	1Q2019	%	1Q2018	%	Var.
<b>Net sales</b>	<b>4,921,621</b>	<b>100.0%</b>	<b>4,287,310</b>	<b>100.0%</b>	<b>14.8%</b>
Cost of sales	3,556,658	72.3%	3,125,637	72.9%	13.8%
<b>Gross profit</b>	<b>1,364,963</b>	<b>27.7%</b>	<b>1,161,673</b>	<b>27.2%</b>	<b>17.5%</b>
Selling expenses	886,876	18.0%	778,230	18.2%	
Administrative expenses	184,916	3.8%	166,379	3.9%	
Other income	8,271	0.2%	6,488	0.2%	
Other expenses	1,617	0.0%	16,708	0.4%	
<b>Operating profit</b>	<b>299,825</b>	<b>6.1%</b>	<b>206,844</b>	<b>4.8%</b>	
Financial income	56,621	1.2%	45,125	1.1%	
Financial expenses	43,108	0.9%	19,447	0.5%	
<b>Earnings before tax &amp; profit sharing</b>	<b>313,338</b>	<b>6.4%</b>	<b>232,522</b>	<b>5.4%</b>	
Income tax	52,692	1.1%	60,212	1.4%	
<b>Gains from continued operations</b>	<b>260,646</b>	<b>5.3%</b>	<b>172,310</b>	<b>4.0%</b>	
Depreciation & amortization	207,434	4.2%	162,317	3.8%	
EBITDA	507,259	10.3%	369,161	8.6%	
<b>Operating flow</b>	<b>460,589</b>	<b>9.4%</b>	<b>369,161</b>	<b>8.6%</b>	<b>24.9%</b>

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

(In thousands Mexican pesos as of March 31, 2019)

	March 2019.	Dec. 2018
<b>Current Assets</b>		
Cash and Temporary investments	2,685,766	2,601,863
Clients (net account receivables)	805,665	822,663
Recoverable taxes	13,755	11,251
Inventories	2,802,765	2,671,821
Other assets	120,139	122,099
<b>Total Current Assets</b>	<b>6,428,090</b>	<b>6,229,697</b>
Property, plant and equipment (Net)	12,337,263	12,129,705
Property and leasehold improvements	628,662	629,175
Assets by right of use	1,249,016	-
Intangible assets other than goodwill	6,277,998	6,277,998
Deferred tax assets	141,486	129,907
Other non-current non-financial assets	610,718	639,763
<b>Total noncurrent assets</b>	<b>21,245,143</b>	<b>19,806,548</b>
<b>Total Assets</b>	<b>27,673,233</b>	<b>26,036,245</b>
Trade payables	3,647,610	3,572,326
Taxes payable	53,749	82,111
Short-term lease liabilities	66,212	-
Other accrued liabilities	254,791	247,313
<b>Current Liabilities</b>	<b>4,022,362</b>	<b>3,901,750</b>
Long-term lease liabilities	1,193,581	-
Provisions for employee long term benefits	80,884	79,524
Deferred tax liabilities	113,157	52,368
<b>Total long-term liabilities</b>	<b>1,387,622</b>	<b>131,892</b>
<b>Total Liabilities</b>	<b>5,409,984</b>	<b>4,033,642</b>
Capital Stock	1,966,662	1,966,662
Share issuance	206,436	206,436
Total Earned Capital	18,340,242	18,079,596
Other comprehensive income	1,749,909	1,749,909
Total controlling interest	22,263,249	22,002,603
<b>Stock Holders' Equity</b>	<b>22,263,249</b>	<b>22,002,603</b>
<b>Total liabilities and stockholders' equity</b>	<b>27,673,233</b>	<b>26,036,245</b>

**LA COMER, S.A.B. DE C.V.**  
**CASH FLOW STATEMENT**  
(In thousands Mexican pesos as of March 31, 2019)

Operation Activities	2019	2018
<b>Earnings (Loss) net</b>	<b>260,646</b>	<b>172,310</b>
Adjustments to reconcile earnings	2019	2018
Taxes payable	52,692	60,212
Financial income & expense	(16,411)	(35,998)
Depreciation and amortization expenses	207,434	162,317
Provisions	4,529	4,093
Income from disposal of current assets	1,477	6,882
Decrease (increase) in inventories	(130,944)	1,539
Decrease of clients	(14,591)	40,116
Increases in other receivables arising from operating activities	28,475	(39,712)
Increase (decrease) on suppliers	(35,184)	(264,194)
Increase (decrease) in other accounts payable	92,889	(44,937)
Total adjustments to reconcile profit	190,366	(109,682)
Net cash flows used in operations	451,012	62,628
Taxes on profits (paid)	6,983	6,859
<b>Resources provided by operation activities</b>	<b>444,029</b>	<b>55,769</b>
Cash Flows from Investment Activities	2019	2018
Amounts from the sale of property, plant and equipment	1,284	827
Purchases of property, plant and equipment	359,797	337,028
Interests income	45,648	38,482
<b>Net cash flow from investment activities</b>	<b>(312,865)</b>	<b>(297,719)</b>
Cash flows from (used) in financing activities	2019	2018
Payments to acquire shares of the company	18,024	-
Interest paid	29,237	2,484
<b>Net cash flows from (used) in financing activities</b>	<b>(47,261)</b>	<b>(2,484)</b>
Effects of the variation in the exchange rate on cash and cash equivalents	2019	2018
<b>Increase/decrease in cash and temporary investments</b>	<b>83,903</b>	<b>(244,434)</b>
Cash and temporary investments at beginning of year	2,601,863	2,545,243
<b>Cash and temporary investments at the end of year</b>	<b>2,685,766</b>	<b>2,300,809</b>