

## LA COMER, S.A.B. DE C.V. (BMV: LACOMER) ANNOUNCES TODAY ITS 3<sup>RD</sup>Q18 RESULTS

Mexico City, October 24<sup>th</sup>, 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 3<sup>rd</sup>Q 2018 results.

### Third Quarter 2018 Results

#### Highlights:

- ✓ Increase in total sales of 16.4% and same store sales growth of 7.5%
- ✓ Gross margin of 26.2%
- ✓ Extraordinary profit of \$230 million pesos for the sale of a property
- ✓ EBITDA margin of 12.6%; 7.9% without considering extraordinary profit.

	3Q 2018				
	2018	%	2017	%	Var %
<b>Net sales</b>	<b>4,931.5</b>	<b>100.0</b>	<b>4,238.1</b>	<b>100.0</b>	<b>16.4</b>
Cost of sales	3,641.9	73.8	3,158.1	74.5	15.3
Gross profit	1,289.6	26.2	1,080.0	25.5	19.4
Operating expenses	857.4	17.4	930.8	22.0	(7.9)
<b>Operating profit</b>	<b>432.2</b>	<b>8.8</b>	<b>149.2</b>	<b>3.5</b>	<b>189.7</b>
<b>EBITDA <sup>1</sup></b>	<b>619.2</b>	<b>12.6</b>	<b>302.7</b>	<b>7.1</b>	<b>104.6</b>
Net financial result	(21.0)	(0.4)	47.5	1.1	(144.2)
Taxes and other	102.6	2.1	61.5	1.5	68.8
<b>Net Income</b>	<b>308.6</b>	<b>6.3</b>	<b>135.2</b>	<b>3.2</b>	<b>128.3</b>
Same Store Sales (%)	7.5		14.3		
Clients (thousands)	16,470		15,255		8.0
Number of stores	63		58		8.6
Number of stores	257,319		236,712		8.7

In millions of Mexican pesos,

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

## Quarterly Results

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### Sales

Net sales for the quarter amounted \$4,931 million pesos, having an increase of 16.4% compared to the same period of 2017. Same store sales in the quarter grew 7.5%, mentioning that the City Market and Fresko formats continue to present the best results coupled with a significant increase in the number of clients. Increases in same store sales continue to exceed the growth presented by the self-service sector of 4.7% published by ANTAD.

Our promotional campaign, "Orange Season" (Temporada Naranja) that took place during the summer months, was developed very favorably offering our customers promotions in various departments. Additionally, we continue our weekly "*Miércoles de Plaza*" campaign, where we offer high-quality perishables every Wednesday at preferential prices. Both campaigns continue being widely accepted among our customers.

By region, there was greater growth in same store sales in the Central region of the country. In the metropolitan area of Mexico City, there was a lower growth in sales, compared to other regions of the country, because of the comparison with the month of September of last year. In September 2017, the company experienced extraordinary sales related to the earthquakes, as well as for the campaign of donation of packages of food provisions organized by the company.

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

### Gross Profit

Gross profit increased from \$1,080 million pesos in the third quarter of 2017 to \$1,290 million pesos in the third quarter of 2018; presenting an increase of 19.4%. The gross margin for the third quarter of 2018 was 26.2% compared to 25.5% in the same period of the previous year, presenting an increase of 67 basis points.

In addition to maintain a competitive acquisition costs of merchandise, the company continues obtaining greater logistical efficiencies which represent a lower cost of storage and distribution of products, as well as maintaining efficient levels of shrinkage.

### Operating profit and EBITDA

For the third quarter of 2018 there was an operating income of \$432 million pesos, presenting an operating margin of 8.8% and EBITDA margin of 12.6%. The operating cash flow for the quarter was \$619 million pesos, showing an increase of 104.6%.

During the reported quarter, an extraordinary income of \$230 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, adjacent to our store City Market Solesta in the state of Puebla. It was decided to sell the adjoining properties in that location, to facilitate the development of a shopping center that could potentiate the sales of our store.

Excluding that extraordinary effect, operating income was \$202 million pesos, presenting an increase of 35.6% and a margin of 4.1%; the EBITDA was \$ 389 million pesos which represents a growth of 28.6% against the previous year and a margin of 7.9%.

Some relevant expenses were:

- Electricity: despite having obtained greater efficiencies in electricity consumption, there was a significant increase in this expense during the quarter, given the increases in electricity rates. The company continues to search for schemes that allow it to better control this expense. We expect to experience some savings in electricity costs starting during the first quarter of 2019.
- We had during the quarter some extraordinary losses due to a minor natural disaster (a flooding) in Guadalajara.
- Expenses in relation with our online sales (e-commerce) “La Comer en tu Casa” (“La Comer in your house”), for improvements in the service of shipping and handling of merchandise, which ensures the level of service according to the differentiation strategy of the company.

### Net Financial Result

The company presented a negative net financial result of \$21 million pesos due to \$46 million pesos on loss for exchange rate, and \$25 million pesos on income net for interest and return on investment. During the first half of the year, the company decided to maintain a position in dollars to cover its flows requirements in this currency given the period of uncertainty.

Net income for the quarter was \$309 million pesos, presenting an increase of 128.3%.

## As of September 2018 Results

### Highlights:

- ✓ Increase in total sales of 15.7% as of Sept. 30, 2018.
- ✓ Increase in same store sales of 8.9%
- ✓ EBITDA margin of 9.8%; 8.2% without considering extraordinary profit.

	As of Sept. 30, 2018				
	2018	%	2017	%	Var %
<b>Net sales</b>	<b>14,048.6</b>	<b>100.0</b>	<b>12,142.0</b>	<b>100.0</b>	<b>15.7</b>
Cost of sales	10,349.2	73.7	9,028.6	74.4	14.6
Gross profit	3,699.4	26.3	3,113.4	25.6	18.8
Operating expenses	2,856.9	20.3	2,624.9	21.6	8.8
<b>Operating profit</b>	<b>842.5</b>	<b>6.0</b>	<b>488.5</b>	<b>4.0</b>	<b>72.5</b>
<b>EBITDA <sup>1</sup></b>	<b>1,381.6</b>	<b>9.8</b>	<b>934.3</b>	<b>7.7</b>	<b>47.9</b>
Net financial result	72.7	0.5	69.0	0.6	5.4
Taxes and other	236.4	1.7	171.3	1.4	38.0
<b>Net Income</b>	<b>678.7</b>	<b>4.8</b>	<b>386.1</b>	<b>3.2</b>	<b>75.8</b>
Same Store Sales (%)	8.9		10.8		
Clients (thousands)	47,985		45,106		6.4
Inventory days ratio	68		69		(1.7)
Supplier days ratio	65		68		(4.0)
Number of stores	63		58		8.6
Number of stores	257,319		236,712		8.7

*In millions of Mexican pesos,*

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

### Net sales

In cumulative terms, for the nine months of the year, total sales amounted \$14,049 million pesos, presenting an increase of 15.7% compared to the same period of the previous year. Consolidated same store sales increased 8.9%. These increases are due in part to the favorable consumption environment in the country and additionally, to the good acceptance that our formats are having.

Total sales were favored by the re-opening of the store La Comer Insurgentes that was re-inaugurated in the month of March after a year of closure due to its total remodeling.

All the formats, regions and categories present positive numbers, but the Fresko as well as City Market formats have been presenting the highest sales increases in the year. It is worth mentioning that La Comer and Sumesa formats also show significant increases in sales due to a better mix of products offered in those formats.

By region, there was greater growth in same-store sales in the western region of the country, as the stores that opened during 2016 still show significant increases in sales.

## Gross profit

Gross profit for the period had a margin of 26.3% as a percentage of sales, presenting a growth of 69 basis points with respect to the previous year and an increase of 18.8%. This is due mostly because of efficiencies in our distribution centers.

## Operating income and EBITDA

Operating income for the year grew by 72.5% with a margin of 6.0% over sales. As mentioned above, during the third quarter, a sale of a property was made, which represented a profit of \$ 230 million pesos for the company.

During this period, advertising, salaries, and expenses in our e-commerce platform increased significantly. For the nine months of the year, we include also expenses for the closing of a store and pre-operative expenses of new and coming stores.

In cumulative terms the EBITDA margin was 9.8%, generating an operating cash flow of \$ 1,382 million pesos with a 47.9% increase compared for the same period of last year.

Without considering the extraordinary profit of \$230 million pesos, operating income for the nine months of the year grew by 25.4% with a margin of 4.4%; and the EBITDA margin was 8.2%, generating an operating cash flow of \$ 1,152 million pesos which represents an increase of 23.3% against the previous year.

## Financial income

Within this concept, the company presented an integral result of financing of \$ 73 million pesos, due to \$ 92 million pesos of income from return on investments without commissions, as well as a net foreign exchange loss of \$19 million pesos. We continue with the policy in the company to keep in dollars the estimated expenditures for the obligations of the business in that currency.

## Taxes & Net profit

During this period, an amount of \$236 million pesos of taxes was reported.

For all the above, the net profit for the nine months of the year was \$679 million pesos compared to \$386 million for the same period of the previous year, presenting an increase of 75.8%.

## Working Capital

The company presented during this period a cash balance of \$ 2,629 million pesos, growing \$84 million pesos against the cash balance as of December 2017. Levels for inventories were \$2,590 million pesos and for suppliers \$2,476 million pesos. Inventory turnover as of September 2018 was of 68 days, and a turnover of 65 days for suppliers, having a three day difference.

### Installed capacity 3Q2018

The company, as for the third quarter 2018, has 63 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	30	190,922
Sumesa	13	10,009
City Market	10	29,344
Fresko	10	27,044
	<b>63</b>	<b>257,319</b>

### Investment projects

During the year, the company re-opened the La Comer Insurgentes store, in Mexico City. The company opened a La Comer store in the city of Puerto Vallarta and opened a store in the City Market format in the city of Cuernavaca, placing this format in new locations.

The company also closed a store in the State of Mexico at the beginning of the year

### Sustainability and Social Responsibility

The company continues to support Un Kilo de Ayuda foundations; the Mexican Foundation for Rural Development, as well as various donations given 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 (Martha Shelton)
- Scotiabank Inverlat (Rodrigo Echagaray)
- Punto Casa de Bolsa (Cristina Morales)
- Barclays (Benjamin M Theurer)
- J.P. Morgan (Ulises Argote)
- 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.**  
**QUARTER INCOME STATEMENT**  
(In thousands Mexican pesos as of September 30, 2018)

	3Q2018	%	3Q2017	%	Var.
<b>Net sales</b>	<b>4,931,497</b>	<b>100.0%</b>	<b>4,238,103</b>	<b>100.0%</b>	<b>16.4%</b>
Cost of sales	3,641,892	73.8%	3,158,141	74.5%	15.3%
<b>Gross profit</b>	<b>1,289,605</b>	<b>26.2%</b>	<b>1,079,962</b>	<b>25.5%</b>	<b>19.4%</b>
Selling expenses	908,911	18.4%	741,098	17.5%	22.6%
Administrative expenses	183,786	3.7%	170,877	4.0%	7.6%
Other income	237,175	4.8%	7,639	0.2%	3004.8%
Other expenses	1,893	0.0%	26,451	0.6%	-92.8%
<b>Operating profit</b>	<b>432,190</b>	<b>8.8%</b>	<b>149,175</b>	<b>3.5%</b>	<b>189.7%</b>
Financial income	72,315	1.5%	52,432	1.2%	37.9%
Financial expenses	93,289	1.9%	4,886	0.1%	1809.3%
<b>Earnings before tax &amp; profit sharing</b>	<b>411,216</b>	<b>8.3%</b>	<b>196,721</b>	<b>4.6%</b>	<b>109.0%</b>
Income tax	102,623	2.1%	61,541	1.5%	66.8%
<b>Gains from continued operations</b>	<b>308,593</b>	<b>6.3%</b>	<b>135,180</b>	<b>3.2%</b>	<b>128.3%</b>
Depreciation & amortization	187,024	3.8%	153,512	3.6%	21.8%
<b>EBITDA</b>	<b>619,214</b>	<b>12.6%</b>	<b>302,687</b>	<b>7.1%</b>	<b>104.6%</b>



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

(In thousands Mexican pesos as of September 30, 2018)

	30-sep-18	%	30-sep-17	%	Var.
<b>Net Sales</b>	<b>14,048,600</b>	<b>100.0%</b>	<b>12,141,981</b>	<b>100.0%</b>	<b>15.7%</b>
Cost of sales	10,349,241	73.7%	9,028,616	74.4%	14.6%
<b>Gross profit</b>	<b>3,699,359</b>	<b>26.33%</b>	<b>3,113,365</b>	<b>25.64%</b>	<b>18.8%</b>
Operating expenses	2,554,318	18.2%	2,127,301	17.5%	20.1%
Administrative expenses	524,347	3.7%	492,189	4.1%	6.5%
Other income	253,863	1.8%	23,628	0.2%	974.4%
Other expenses	32,082	0.2%	29,048	0.2%	10.4%
<b>Operating profit</b>	<b>842,475</b>	<b>6.0%</b>	<b>488,455</b>	<b>4.0%</b>	<b>72.5%</b>
Financial income	196,777	1.4%	157,945	1.3%	24.6%
Financial expenses	124,088	0.9%	88,976	0.7%	39.5%
<b>Earnings before tax &amp; profit sharing</b>	<b>915,164</b>	<b>6.5%</b>	<b>557,424</b>	<b>4.6%</b>	<b>64.2%</b>
Income tax	236,418	1.7%	171,315	1.4%	38.0%
<b>Gains from continued operations</b>	<b>678,746</b>	<b>4.8%</b>	<b>386,109</b>	<b>3.2%</b>	<b>75.8%</b>
Depreciation & amortization	539,086	3.8%	445,805	3.7%	20.9%
<b>EBITDA</b>	<b>1,381,561</b>	<b>9.8%</b>	<b>934,260</b>	<b>7.7%</b>	<b>47.9%</b>

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

(In thousands Mexican pesos as of September 30, 2018)

	3Q2018	Dec. 2017
<b>Current Assets</b>		
Cash and Temporary investments	2,629,364	2,545,243
Clients (net account receivables)	675,131	719,598
Recoverable taxes	29,298	9,618
Inventories	2,589,783	2,376,227
Other assets	124,050	126,446
<b>Total Current Assets</b>	<b>6,047,626</b>	<b>5,777,132</b>
Property, plant and equipment (Net)	11,650,652	10,863,196
Property and leasehold improvements	629,688	752,048
Intangible assets other than goodwill	6,277,998	6,277,998
Deferred tax assets	146,930	149,827
Other non-current non-financial assets	667,521	764,305
<b>Total noncurrent assets</b>	<b>19,372,789</b>	<b>18,807,374</b>
<b>Total Assets</b>	<b>25,420,415</b>	<b>24,584,506</b>
Trade payables	3,148,064	3,348,743
Taxes payable	48,391	105,132
Other accrued liabilities	304,616	206,124
<b>Current Liabilities</b>	<b>3,501,071</b>	<b>3,659,999</b>
Provisions for employee long term benefits	86,865	77,911
Deferred tax liabilities	242,913	9,390
<b>Total long-term liabilities</b>	<b>329,778</b>	<b>87,301</b>
<b>Total Liabilities</b>	<b>3,830,849</b>	<b>3,747,300</b>
Capital Stock	1,966,662	1,966,662
Share issuance	194,096	193,896
Total Earned Capital	17,666,559	16,977,004
Other comprehensive income	1,762,249	1,699,644
Total controlling interest	21,589,566	20,837,206
<b>Stock Holders' Equity</b>	<b>21,589,566</b>	<b>20,837,206</b>
<b>Total liabilities and stockholders' equity</b>	<b>25,420,415</b>	<b>24,584,506</b>

**LA COMER, S.A.B. DE C.V.**  
**CASH FLOW STATEMENT**  
(In thousands Mexican pesos as of September 30, 2018)

Operation Activities	2018	2017
<b>Earnings (Loss) net</b>	<b>678,746</b>	<b>386,109</b>
<b>Adjustments to reconcile earnings</b>	<b>2018</b>	<b>2017</b>
Taxes payable	236,418	171,315
Financial income & expense	(91,909)	(121,840)
Depreciation and amortization expenses	539,086	445,805
Provisions	12,278	6,800
Income from disposal of current assets	(203,348)	4,071
Decrease (increase) in inventories	(213,556)	(234,279)
Decrease of clients	61,498	14,665
Increases in other receivables arising from operating activities	(44,747)	(207,198)
Increase (decrease) on suppliers	(245,778)	62,313
Increase (decrease) in other accounts payable	56,667	185,691
Total adjustments to reconcile profit	106,609	327,343
Net cash flows used in operations	785,355	713,452
Taxes on profits (paid)	(689)	(2,032)
<b>Resources provided by operation activities</b>	<b>786,044</b>	<b>715,484</b>
<b>Cash Flows from Investment Activities</b>	<b>2018</b>	<b>2017</b>
Cash flow from the loss of control of subsidiaries or other businesses	-	275,205
Amounts from the sale of property, plant and equipment	352,734	20,083
Purchases of property, plant and equipment	1,220,181	1,259,880
Interests income	96,709	125,339
<b>Net cash flow from investment activities</b>	<b>(770,738)</b>	<b>(1,389,663)</b>
<b>Cash flows from (used) in financing activities</b>	<b>2018</b>	<b>2017</b>
Payments to acquire shares of the company	(73,615)	56,026
Interest paid	4,800	3,499
<b>Net cash flows from (used) in financing activities</b>	<b>68,815</b>	<b>(59,525)</b>
<b>Effects of the variation in the exchange rate on cash and cash equivalents</b>	<b>2018</b>	<b>2017</b>
<b>Increase/decrease in cash and temporary investments</b>	<b>84,121</b>	<b>(733,704)</b>
Cash and temporary investments at beginning of year	2,545,243	3,225,363
<b>Cash and temporary investments at the end of year</b>	<b>2,629,364</b>	<b>2,491,659</b>