



**May, 2019**  
**First Quarter 2019**  
**Results**

**El Puerto de Liverpool**

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# Achievements 2018

## Liverpool

- ✓ BX experience
- ✓ Women's restructure
- ✓ 5 new store openings
- ✓ Fábricas de Francia conversion
- ✓ Big Data capabilities

## Credit Division

- ✓ Credit risk management & collections
- ✓ NPL levels
- ✓ Origination models adjustment & predictability models renewed.

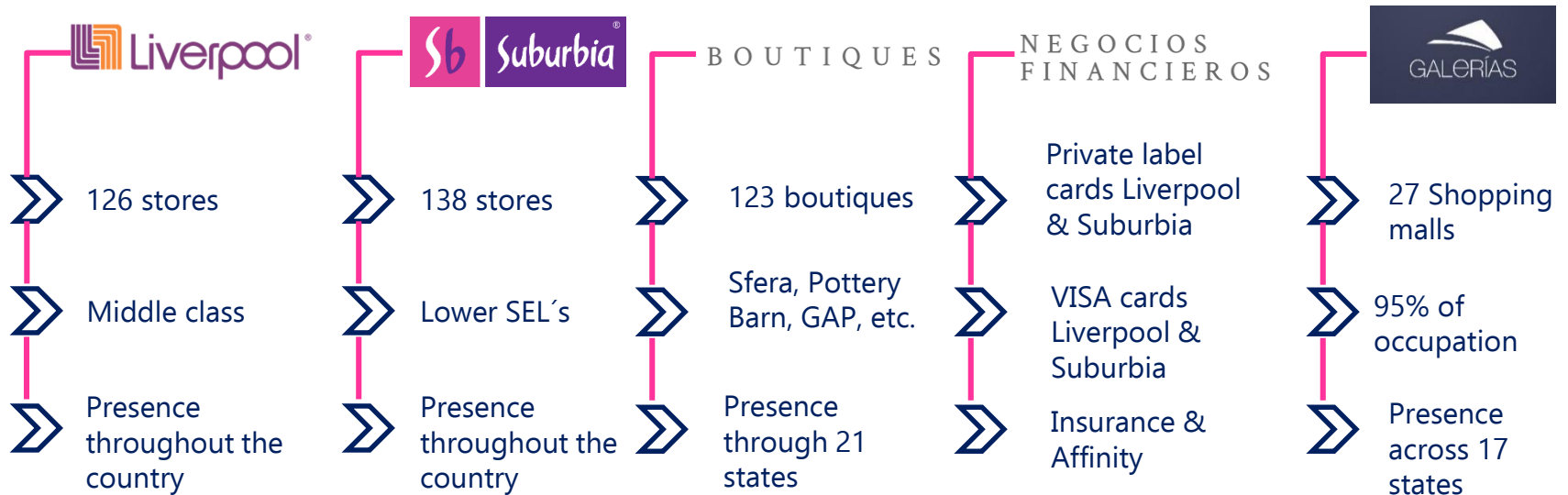
## Suburbia

- ✓ Maintaining of operating model
- ✓ 7 new store openings
- ✓ Suburbia credit card launch
- ✓ S/4 Hana
- ✓ Suburbia.com
- ✓ Talent: No regret turnover since acquisition.

## Galerías

- ✓ Occupation levels at 96%
- ✓ Liverpool Coapa and Galerías Coapa reopening
- ✓ Experiences variety

# El Puerto de Liverpool



**Omnichannel**

**Shared Services**

# Liverpool at a glance

\$27,469M  
1Q2019  
**REVENUES**

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4.1% increase  
1Q2019 (YoY)  
**SSS<sup>1</sup>**

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\$2,953M  
1Q2019  
**EBITDA**

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10.8%  
1Q2019  
**EBITDA MARGIN**

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\$1,609M  
2019  
**CAPEX**

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\$2,394M  
2019  
**OPERATING CF**

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40.5% increase  
2018 (YoY)  
**E-COMMERCE SALES**

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54% of e-commerce  
sales through  
**CLICK & COLLECT**

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2 Liverpool Stores  
**STORE OPENINGS  
(2019)**

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Leading non-bank &  
third largest CC issuer<sup>2</sup>  
**CREDIT DIVISION**

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More than  
5.1M  
**CARD HOLDERS**

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46% of total retail  
sales through  
**OUR CREDIT CARD<sup>3</sup>**

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<sup>1</sup> For Suburbia & Liverpool, includes digital sales.

<sup>2</sup> in Mexico.

<sup>3</sup> Liverpool only.

\*Figures in Million MXP

# Our Values, Mission and Vision

## Values



## Mission

**We serve our  
customers**

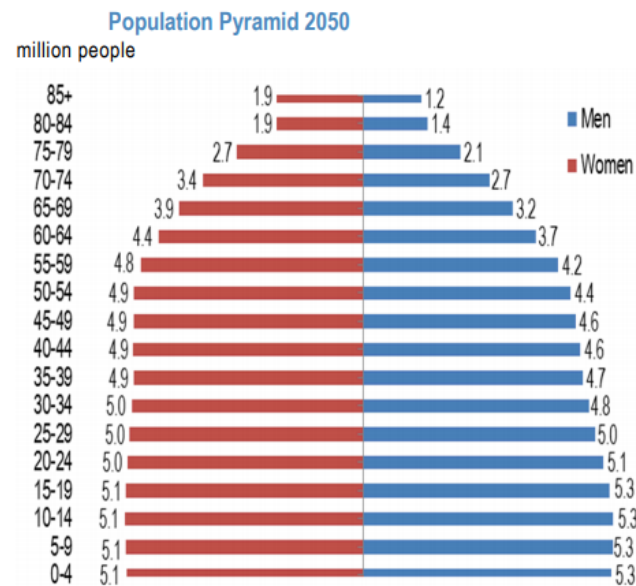
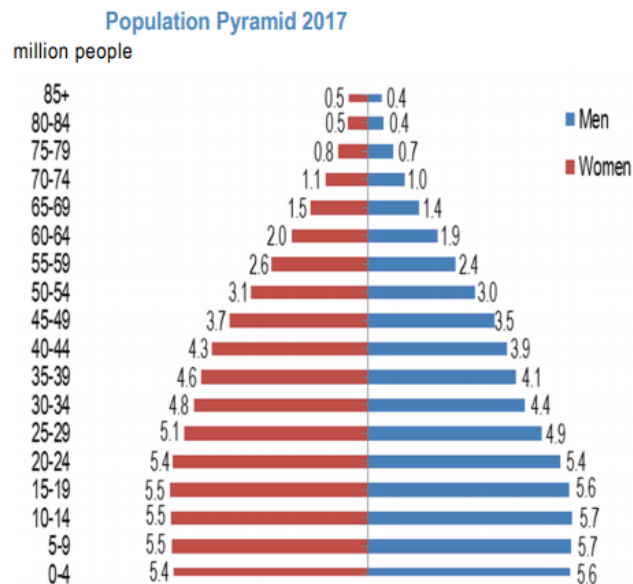
everywhere,  
everyday,  
**anytime.**

## Vision

**To be the most  
attractive option**

in service,  
assortment,  
and value.

# Mexico's Socioeconomic & Demographic Analysis



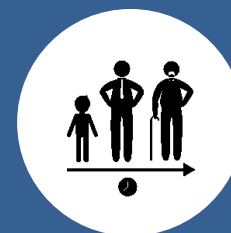
**+ 129M**  
Total  
population



Average age is  
**27** years old



Around **45%** of  
the population is under  
25 years old.



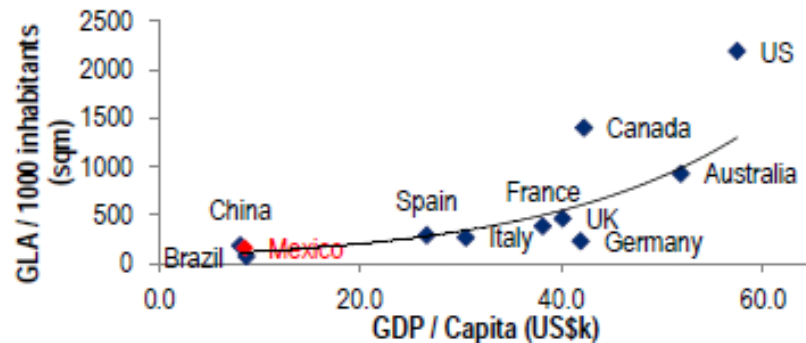
The population growth  
rate decelerates (young  
population dependency  
ratio decreases).

# Opportunities for Brick & Mortars Growth

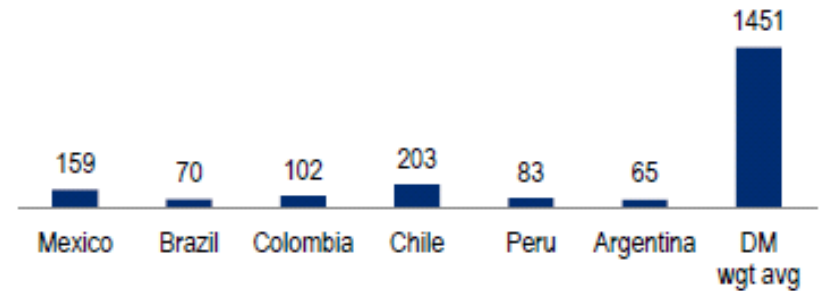
Mexico has relative low penetration of shopping malls and department stores <sup>1</sup>

Mexico and other LatAm countries' GLA per 1000 inhabitants (in sqm) is significantly lower than developed markets <sup>2</sup>

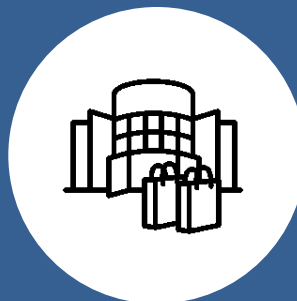
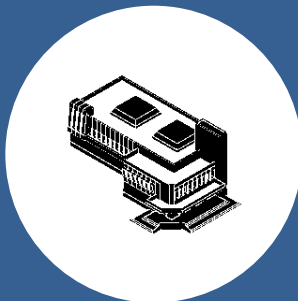
Gross leasable area (GLA) as a proxy for aggregate stores' area



Note: only includes centers >10k sqm.



Note: only includes centers >10k sqm.



<sup>1</sup> Citi Research, ICSC, and GGP

<sup>2</sup> Citi Research and ICSC



# e-Commerce in Mexico...

**USD \$9,441M**  
e-commerce market  
revenue in 2019 <sup>1</sup>

**USD \$12,778M**  
Market revenue by 2023 <sup>1</sup>



**47.2%**  
User penetration  
in 2019 <sup>1</sup>

**7.9%**  
Expected revenue  
annual growth rate  
(2019-2023)<sup>1</sup>

**52.7%**  
User penetration  
expected by 2023 <sup>1</sup>

2017 e-commerce  
**concentration levels**  
show that the industry hasn't  
consolidated yet. <sup>2</sup>

Over the next few years,  
(Amazon, Liverpool,  
Mercado Libre &  
Walmex) dispute for  
e-Commerce leadership. <sup>2</sup>



Mexicans value **lower prices** and **free shipping** as the top attributes for shopping online.

**Click & Collect**  
customers recognize  
it as necessary.



**Conversion rates** have ample room to grow. <sup>3</sup>

**60%** of population are  
represented by Z  
generation & Millennials.

Internet penetration for  
Z generation is **83%** &  
**70%** for Millennials <sup>4</sup>



<sup>1</sup> Statista

<sup>2</sup> Scotiabank

<sup>3</sup> HSBC

<sup>4</sup> Forbes

# Omnichannel Right to Win



**Retail Assortment & Extended Catalog**  
•Exclusive Brands

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**Logistics Infrastructure**

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**Payment Method Credit Card**

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**Payment Solutions**  
•Payment through the App  
•Sales Associates' App

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**Liverpool Brand**

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**Leading IT Platform**

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**Store Network**

•Click & Collect (+50% of Liverpool e-commerce sales)

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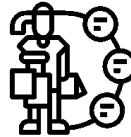
# Digital Transformation

(Initiatives 2018)

50% of click share  
from national market  
for Liverpool.com <sup>1</sup>



New Marketplace  
launch



Suburbia.com



Traceability



Post-sale services for  
Liverpool and  
Suburbia



Customer  
personalization

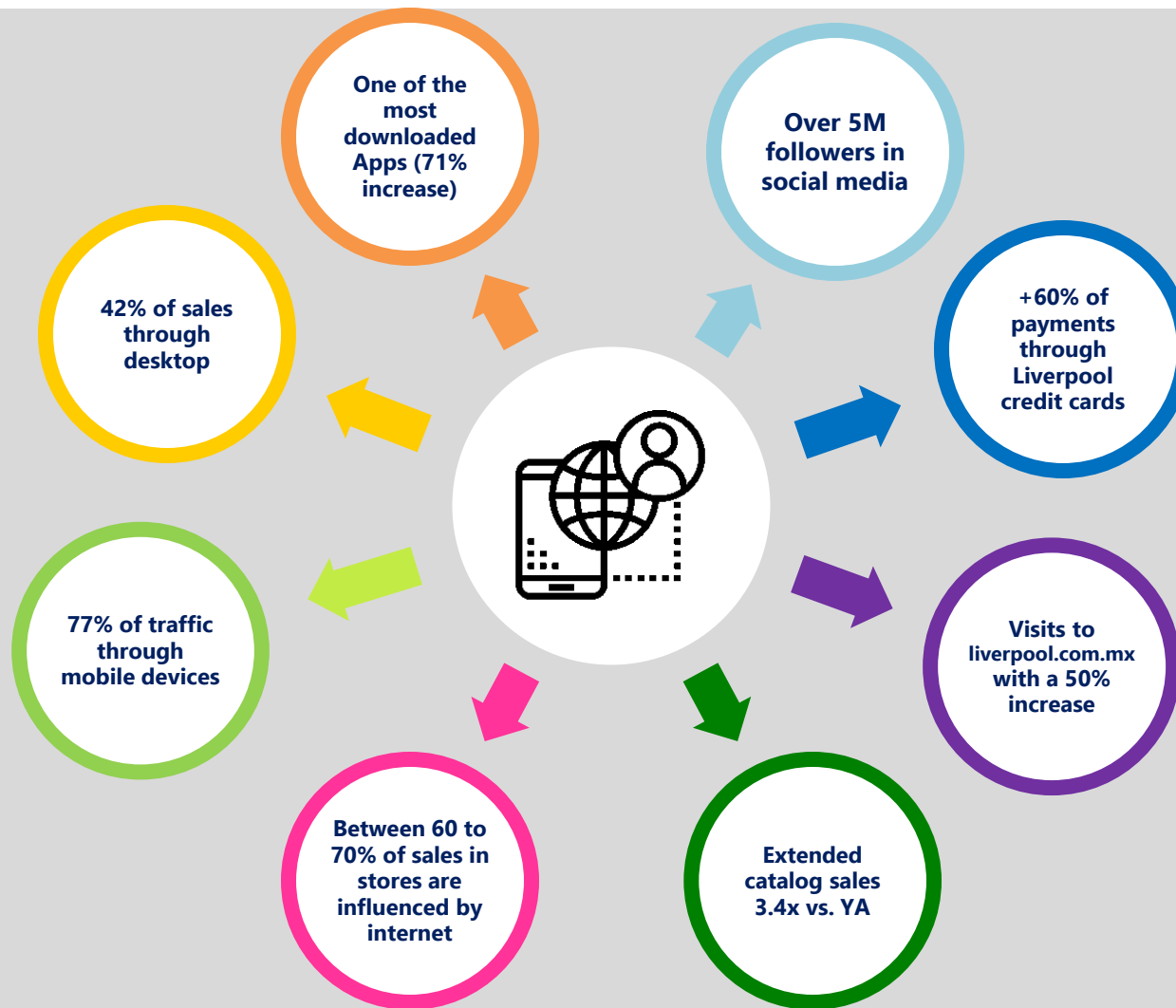


Customer Experience  
& Big Data



<sup>1</sup> In the categories of Clothing, Footwear, and Bags.

# Online Customer Behavior



\*Total year figures

# Financial Highlights 2018

## YoY

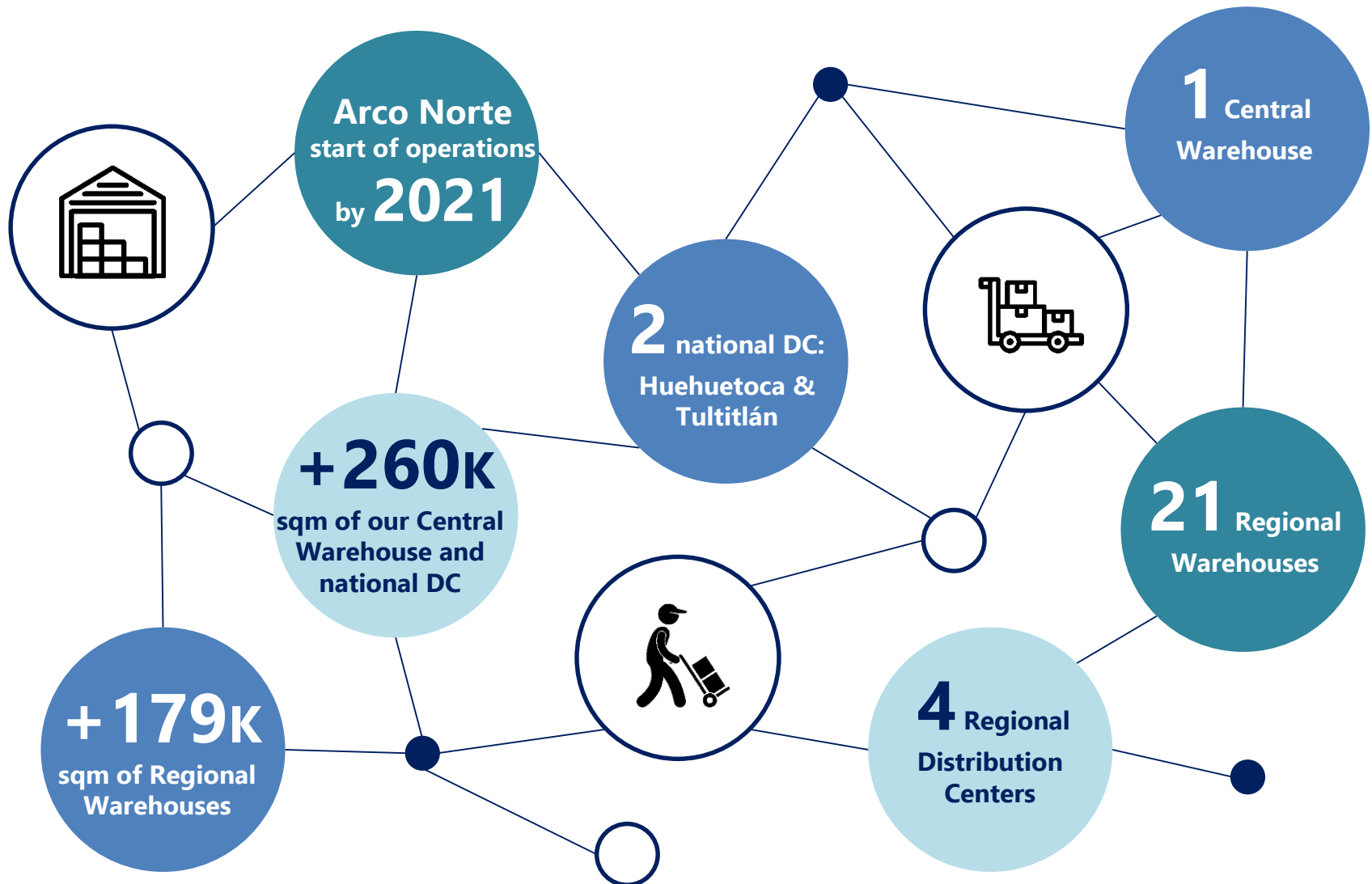
Total Income	<b>10.9%</b>
Gross Margin	<b>39.8%</b>
Net Income	<b>18.5%</b>
Net Operating Expenses	<b>10.3%</b>
EBITDA	<b>10.3%</b>
EBITDA Margin	<b>14.9% <sup>(1)</sup></b>

<sup>(1)</sup> Flat vs. YA

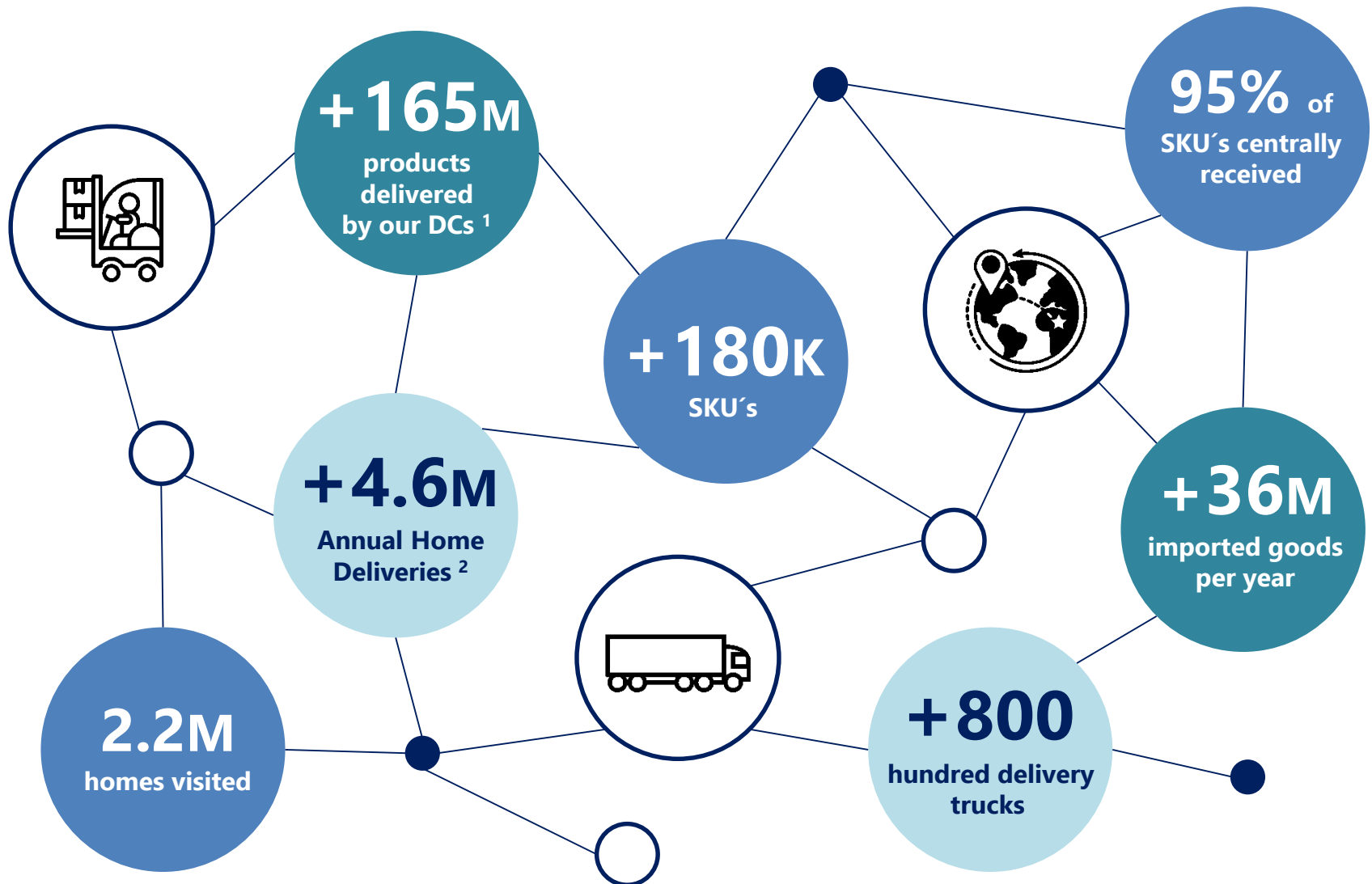
## Debt:

Debt reduction	<b>16.6%</b>
Net Debt/ EBITDA	<b>0.73x</b>
Debt Bonds Paid	<b>\$1.9 bn MXN</b>
Syndicated loan was prepaid	<b>\$5.0 bn MXN</b>
NIIF 9 recognized in 2018	
NIIF 16 recognized 1Q19	

# Logistics Strategy



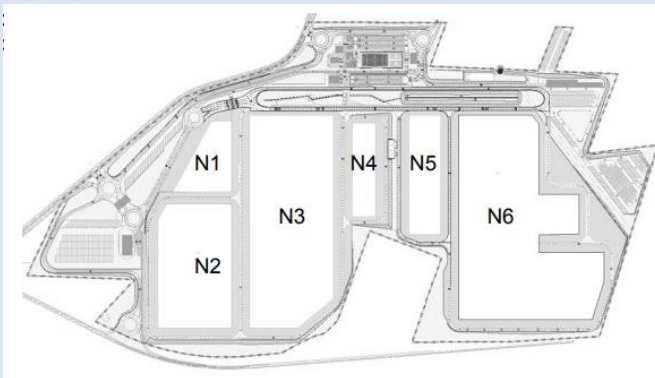
# Logistics Strategy



- 1 On a 12 month base  
2 Packages & Big ticket

# Logistics Strategy: Arco Norte

## BEST-IN-CLASS TECHNOLOGY & PROCESSES



**Not only consolidation  
of our DCs operations,  
but optimization of our  
end-to-end supply chain**



**Hard Lines  
Soft Lines**



**2021  
2022**



**Sustainability  
Flexibility Scalability**



**Estimated CAPEX  
(2019-2021)**

**\$8.5MM mxp**

**Estimated  
TOTAL CAPEX  
MASTER PLAN**

**\$16.8MM mxp**



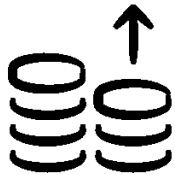
**Construction Space 1.2M sqmt**

**Land Area**

**175 hectares**



## Strategic Priorities



Profitability  
Improvement



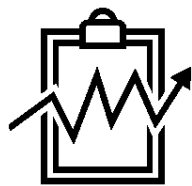
Suburbia's  
Growth



Digital  
Transformation



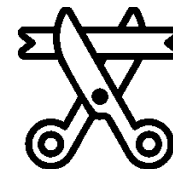
# Liverpool's Strategy



Productivity improvement:  
Sales/m<sup>2</sup>, Margin,  
Expenses/m<sup>2</sup>



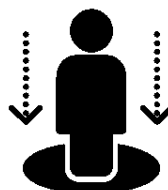
Fábricas de Francia  
transformation



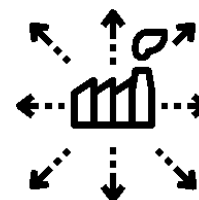
New stores: 2019→ 3  
Going forward→ 3~4



Customer  
Service



Customer  
Personalization



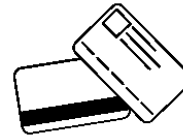
New Logistics  
Platform



Maintain successful  
business model



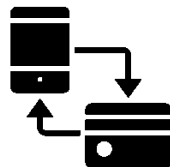
Accelerated  
expansion to reach  
250 total units by  
2022.



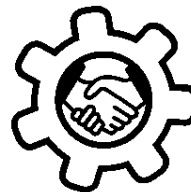
Development of our  
own credit card.



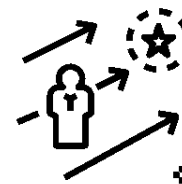
Best in class IT  
(SAP S/4 Hana)



Omnichannel  
launch

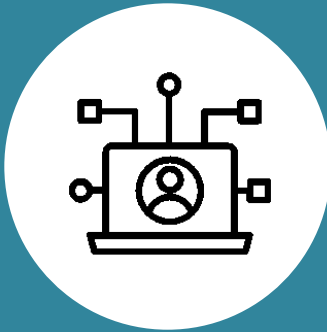


Create CRM  
capabilities.



Talent development  
model.

# Financial Businesses' Strategy



Improve customer  
experience



Digital  
Transformation



Risk  
Management



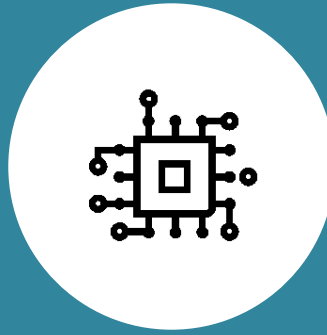
Suburbia  
Card



Profitable credit  
portfolio growth



Experiences &  
Entertainment Offering



Customer  
Experience/Digitalization



Profitable Growth  
Opportunities

# Omnichannel Strategy



Logistics: Shipments consolidation & delivery time

**CLICK&COLLECT**  
Compra en línea, recoge en tienda

Continue the development of Click & Collect



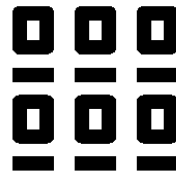
New payment methods



Marketplace Launch



Improve customer's shopping experience / Personalization



Extended Catalog



IT Platform

# Fábricas de Francia Conversion



**Transformation of  
41 stores**



**2019**



**2/3 will be Liverpool stores &  
the remainder, Suburbia stores**

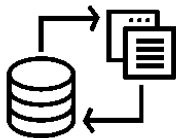
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**As of 1Q19 we have converted 23 F.F. to Liverpool, three to Suburbia (five more in process), and two have closed.**

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**Value  
creation**



**Operating  
efficiencies**



**Better customer  
identification**

# Retail Sales 1Q2019

		1Q19
Retail Sales	Liverpool & Suburbia	7.3%
SSS	Liverpool	4.9%
SSS	Suburbia	(0.5%)
Average ticket	Liverpool	5.7%
Traffic	Liverpool	(0.7%)

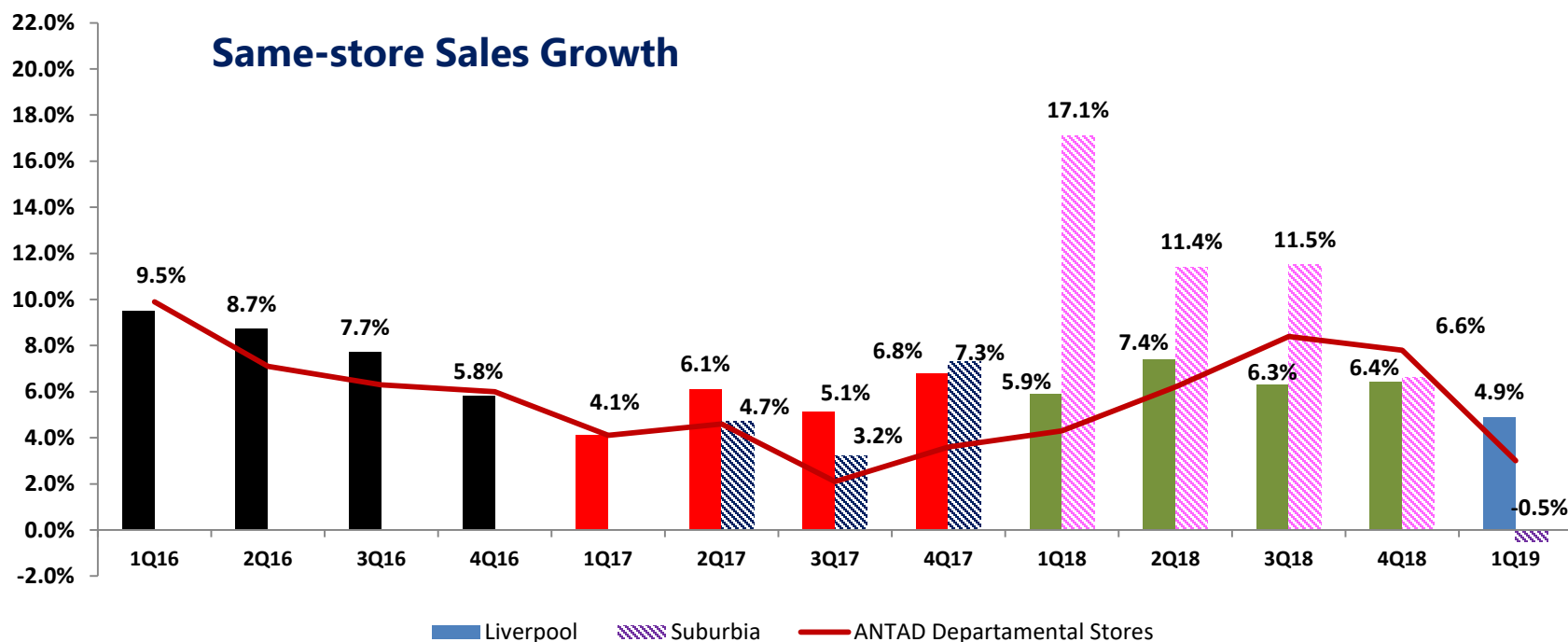


## National Benchmark:

		1Q19
SSS	ANTAD	2.1%
Department Stores SSS		3.0%



# Sales Growth

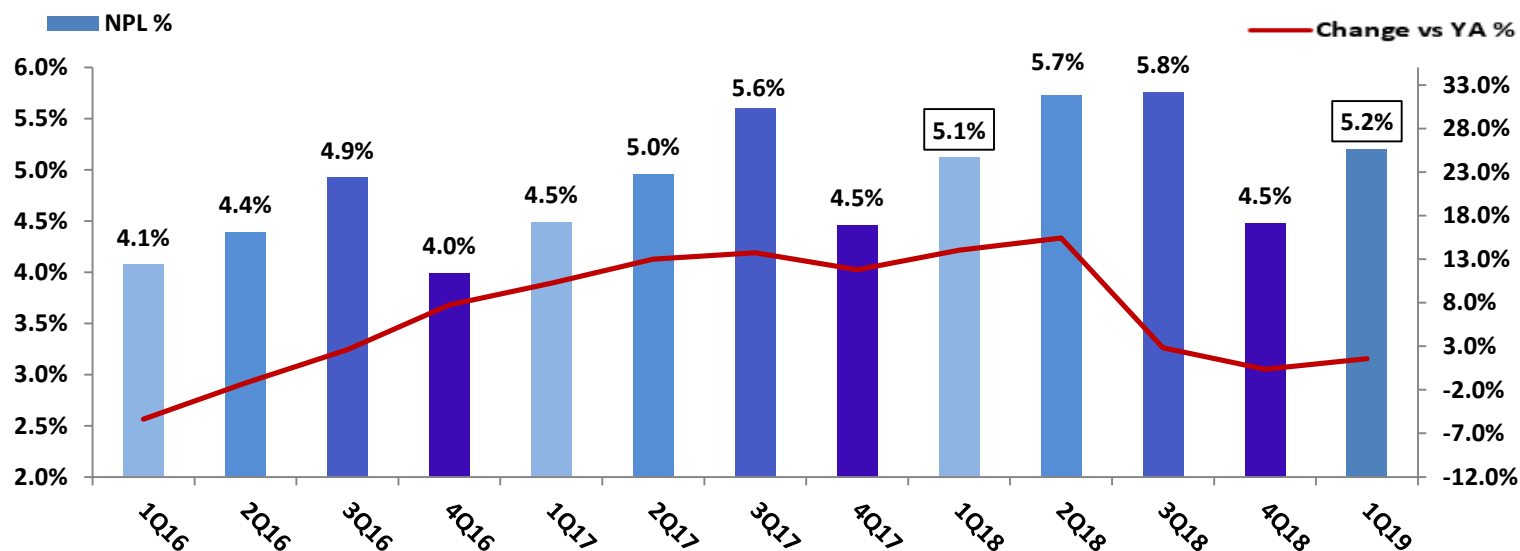


## Annual Growth:

	2016	2017	2018
Liverpool	7.6%	5.8%	6.5%
Suburbia		4.6% <sup>(1)</sup>	10.6%
TOTAL			7.1%

(1) Starting in April '17

# Credit Card Division – 1Q19



## 1st Quarter

### Millions

	2019	2018	Dif. %
Initial balance of reserve	3,982	3,086	29.1%
(+) New Reserves	806	749	7.5%
(-) Write off	(774)	(749)	3.4%
Ending balance of reserve	4,014	3,086	30.1%

# Liverpool has a conservative debt structure with a manageable maturity profile

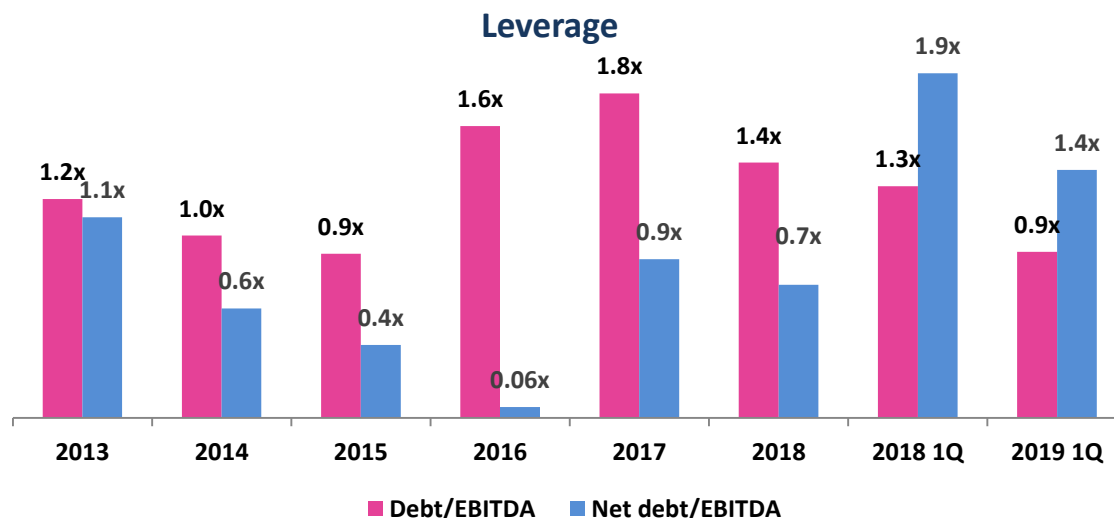
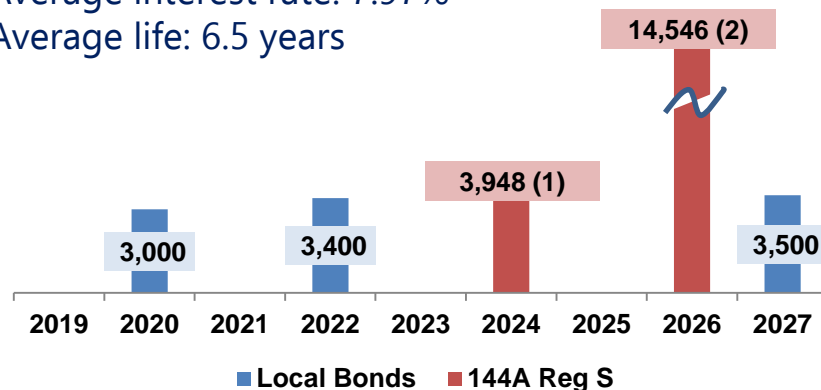
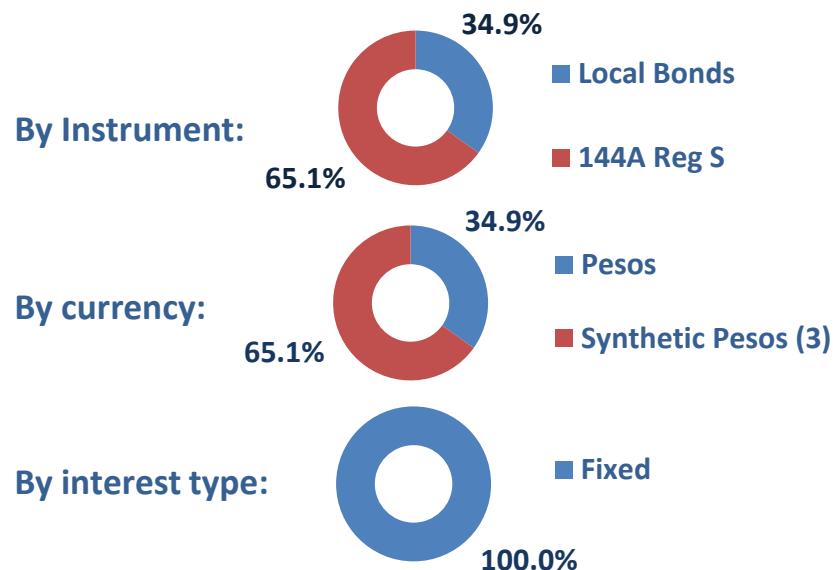
## Million Pesos (as of March. 31<sup>st</sup> 2019)

Total Debt: Mx\$28,394.1 (not including IFRS16)

(Includes derivative instruments acquired for hedging purposes)

Average interest rate: 7.97%

Average life: 6.5 years



(1) LIVEPOL24 144A Reg S US\$300 million, fixed exchange rate 13.15 MxPs/USD

(2) LIVEPOL26 144A Reg S US\$750 million, fixed exchange rate 19.39 MxPs/USD

(3) Fully hedged in Pesos: principal + interest

- Financial statements
- Main financial indicators
- Omnichannel sales growth
- Growth history
- Economic scenario

# 1Q2019 Income Statement

	2019	2018	% VAR.	Income with IFRS 16 Effects	2019 with IFRS 16	% VAR.
<b>Retail Income</b>	<b>23,438.2</b>	<b>21,845.8</b>	<b>7.3</b>		<b>23,438.2</b>	<b>7.3</b>
<b>Leasing Income</b>	<b>875.7</b>	<b>829.0</b>	<b>5.6</b>		<b>875.7</b>	<b>5.6</b>
<b>Interest Income</b>	<b>3,155.4</b>	<b>2,587.6</b>	<b>21.9</b>		<b>3,155.4</b>	<b>21.9</b>
<b>Total Income</b>	<b>27,469.3</b>	<b>25,262.4</b>	<b>8.7</b>		<b>27,469.3</b>	<b>8.7</b>
COGS	(16,409.5)	(14,968.9)	9.6		(16,409.5)	9.6
<b>Commercial Gross Profit</b>	<b>11,059.8</b>	<b>10,293.5</b>	<b>7.4</b>		<b>11,059.8</b>	<b>7.4</b>
<b>Commercial Margin</b>	30.0%	31.5%	(1.5 p.p)		30.0%	(1.5 p.p)
<b>Net Gross Profit</b>	<b>11,059.8</b>	<b>10,293.5</b>	<b>7.4</b>		<b>11,059.8</b>	<b>7.4</b>
Gross Margin	40.3%	40.7%	(0.5 p.p)		40.3%	(0.5 p.p)
<b>Operating expenses without depreciation, overdue accounts and one time provisions</b>	<b>(7,748.5)</b>	<b>(7,192.1)</b>	<b>7.7</b>	<b>447.3</b>	<b>(7,301.3)</b>	<b>1.5</b>
<b>Provisions for overdue accounts</b>	<b>(805.5)</b>	<b>(749.1)</b>	<b>7.5</b>	-	<b>(805.5)</b>	<b>7.5</b>
<b>EBITDA Expenses</b>	<b>(8,554.0)</b>	<b>(7,941.2)</b>	<b>7.7</b>	<b>447.3</b>	<b>(8,106.7)</b>	<b>2.1</b>
Depreciation & Amortization	(873.2)	(805.4)	8.4	(286.3)	(1,159.5)	44.0
<b>Net Operating Expenses</b>	<b>(9,427.2)</b>	<b>(8,746.6)</b>	<b>7.8</b>	<b>161.0</b>	<b>(9,266.2)</b>	<b>5.9</b>
Consolidated Operating Income	1,632.6	1,546.8	5.5	161.0	1,793.6	16.0
<b>Consolidated EBITDA</b>	<b>2,505.8</b>	<b>2,352.3</b>	<b>6.5</b>	<b>447.3</b>	<b>2,953.1</b>	<b>25.5</b>
Consolidated EBITDA Margin	9.1%	9.3%	(0.2 p.p)	1.7 p.p.	10.8%	1.4 p.p.
<b>Financing expense</b>	<b>(403.6)</b>	<b>(467.0)</b>	<b>(13.6)</b>	<b>(264.0)</b>	<b>(667.6)</b>	<b>43.0</b>
<b>Foreign exchange gain</b>	<b>(7.8)</b>	<b>(15.4)</b>	<b>(49.3)</b>	-	<b>(7.8)</b>	<b>(49.3)</b>
<b>Profit before income tax</b>	<b>1,221.3</b>	<b>1,064.5</b>	<b>14.7</b>	<b>(103.1)</b>	<b>1,118.2</b>	<b>5.0</b>
Income Tax	(309.6)	(239.7)	29.1	30.4	(279.2)	16.5
Effective Rate	25.3%	22.5%		(0.3 p.p)	25.0%	
<b>Net Income before Investment in Associates</b>	<b>911.7</b>	<b>824.8</b>	<b>10.5</b>	<b>(72.7)</b>	<b>839.0</b>	<b>1.7</b>
<b>Investment in Associates</b>	<b>126.3</b>	<b>173.5</b>	<b>(27.2)</b>	<b>(3.4)</b>	<b>122.9</b>	<b>(29.2)</b>
<b>Net Income</b>	<b>1,038.0</b>	<b>998.2</b>	<b>4.0</b>	<b>(76.1)</b>	<b>961.9</b>	<b>(3.6)</b>
<b>Non-controlling Net Income</b>	<b>(1.0)</b>	<b>5.1</b>	<b>(120.4)</b>	-	<b>(1.0)</b>	<b>(120.4)</b>
<b>Controlling Net Income</b>	<b>1,036.9</b>	<b>1,003.3</b>	<b>3.4</b>	<b>(76.1)</b>	<b>960.9</b>	<b>(4.2)</b>

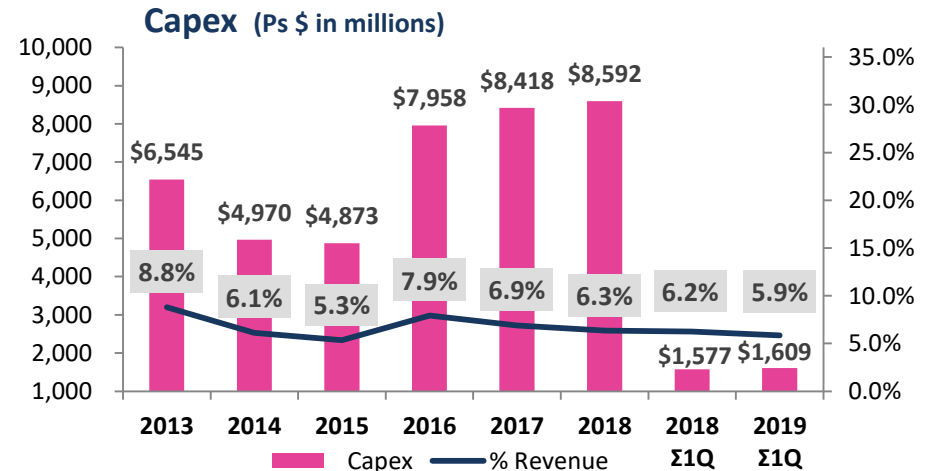
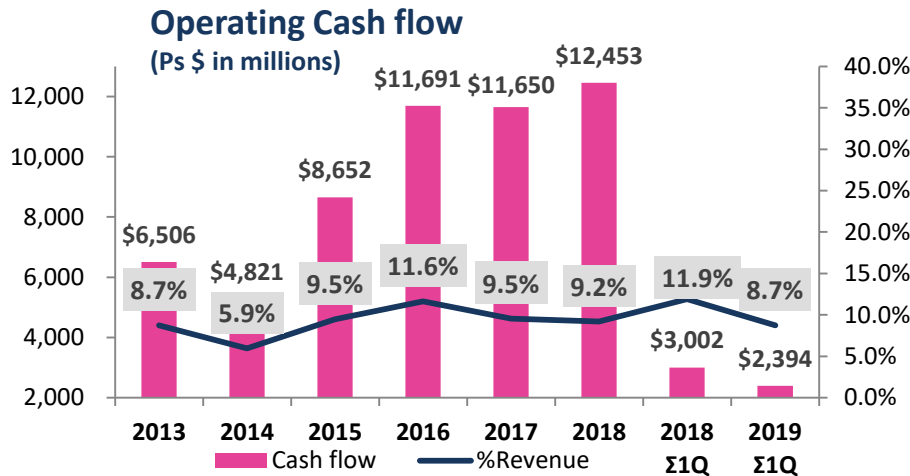
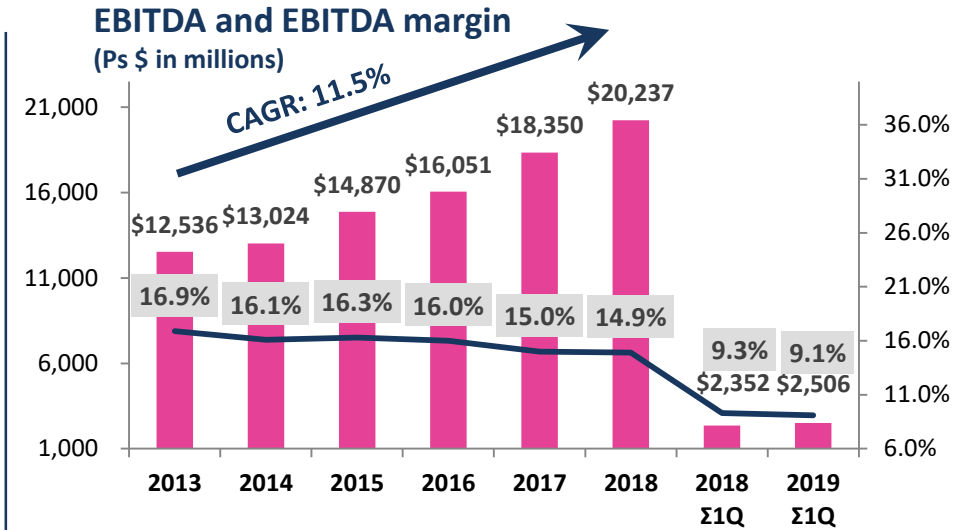
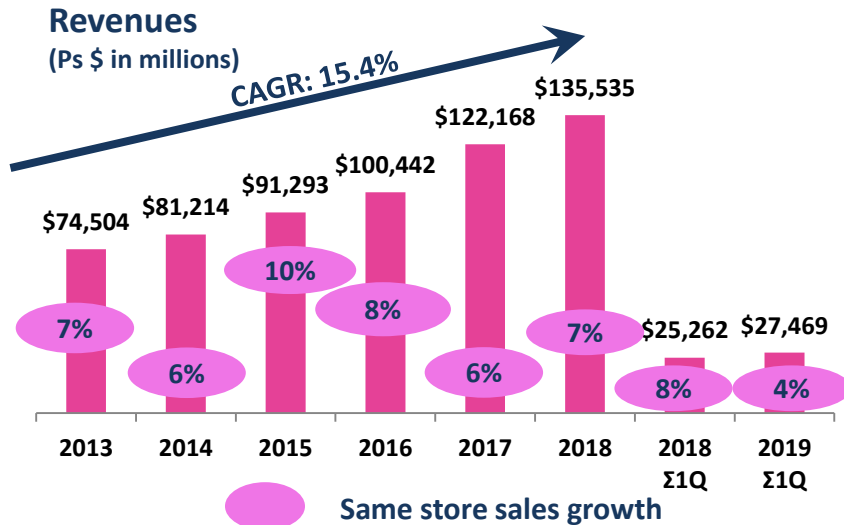
# 1Q2019 Balance Sheet

Million Pesos	2019	2018	Dif
Cash / cash equivalent	9,532.4	10,649.2	(1,116.8)
Loan portfolio	31,204.6	30,043.4	1,161.2
Inventories	21,477.7	19,692.6	1,785.1
Investmen in associates	8,633.5	7,595.2	1,038.3
Fixed assets	47,330.1	44,449.2	2,880.9
Right of use assets	11,323.4	0.0	11,323.4
Investment properties	21,081.3	19,094.5	1,986.8
Other	28,552.1	28,630.5	(78.4)
<b>Total Assets</b>	<b>179,135.0</b>	<b>160,154.5</b>	<b>18,980.5</b>
Suppliers	16,988.4	16,759.0	229.4
Short term loans	0.0	2,546.5	(2,546.5)
Long termn loans	30,246.8	30,803.2	(556.4)
Lease liabilities	11,426.4	0.0	11,426.4
Other liabilities	20,753.0	21,760.8	(1,007.9)
<b>Total Liabilities</b>	<b>79,414.5</b>	<b>71,869.5</b>	<b>7,545.1</b>
<b>Stockholders' equity</b>	<b>99,720.4</b>	<b>88,285.0</b>	<b>11,435.4</b>

# Cash Flow

	2019	2018	2019 with IFRS 16
<b>Operating income</b>	<b>1,632.6</b>	<b>1,546.8</b>	<b>1,793.6</b>
Depreciation and amortization	873.2	805.4	1,159.5
<b>EBITDA</b>	<b>2,505.8</b>	<b>2,352.3</b>	<b>2,953.1</b>
Interests	(296.2)	(408.6)	(296.2)
Taxes	(922.8)	(1,982.1)	(922.8)
Clients	5,073.9	5,358.0	5,073.9
Inventories	(804.5)	(1,206.2)	(804.5)
Suppliers	(6,706.0)	(5,776.8)	(6,706.0)
Other	(1,244.4)	(1,338.9)	(1,244.4)
<b>Cashflow from operations</b>	<b>(2,394.2)</b>	<b>(3,002.3)</b>	<b>(1,947.0)</b>
Capex	(1,608.9)	(1,577.3)	(1,608.9)
<b>Cashflow</b>	<b>(4,003.1)</b>	<b>(4,579.7)</b>	<b>(3,555.9)</b>
Paid Loans	-	(1,406.3)	-
Lease liabilities	-	-	(447.3)
<b>Increase / (Decrease)</b>	<b>(4,003.1)</b>	<b>(5,985.9)</b>	<b>(4,003.1)</b>

# Strong financial performance with robust cash flow generation and disciplined leverage policy



Liverpool has been a consistent performer, delivering solid results throughout the years



# Compelling story of disciplined growth for the last 170 years

Historically, Liverpool has reinvested its profits to expand its operations (Number of Stores)<sup>(1)</sup>

1847 – J.B. Ebrard arrives to Mexico City from France

1982 – Inaugurates its first stores outside of Mexico City

1998 – Acquisition of Salinas y Rocha, allowing Liverpool to increase its portfolio by 11 stores

2017 – Liverpool buys 100% of Suburbia with its 122 stores (April)

1934 – First Liverpool department store inaugurated in Mexico City

1988 – Acquisition of Fábricas de Francia, incorporating 5 more stores

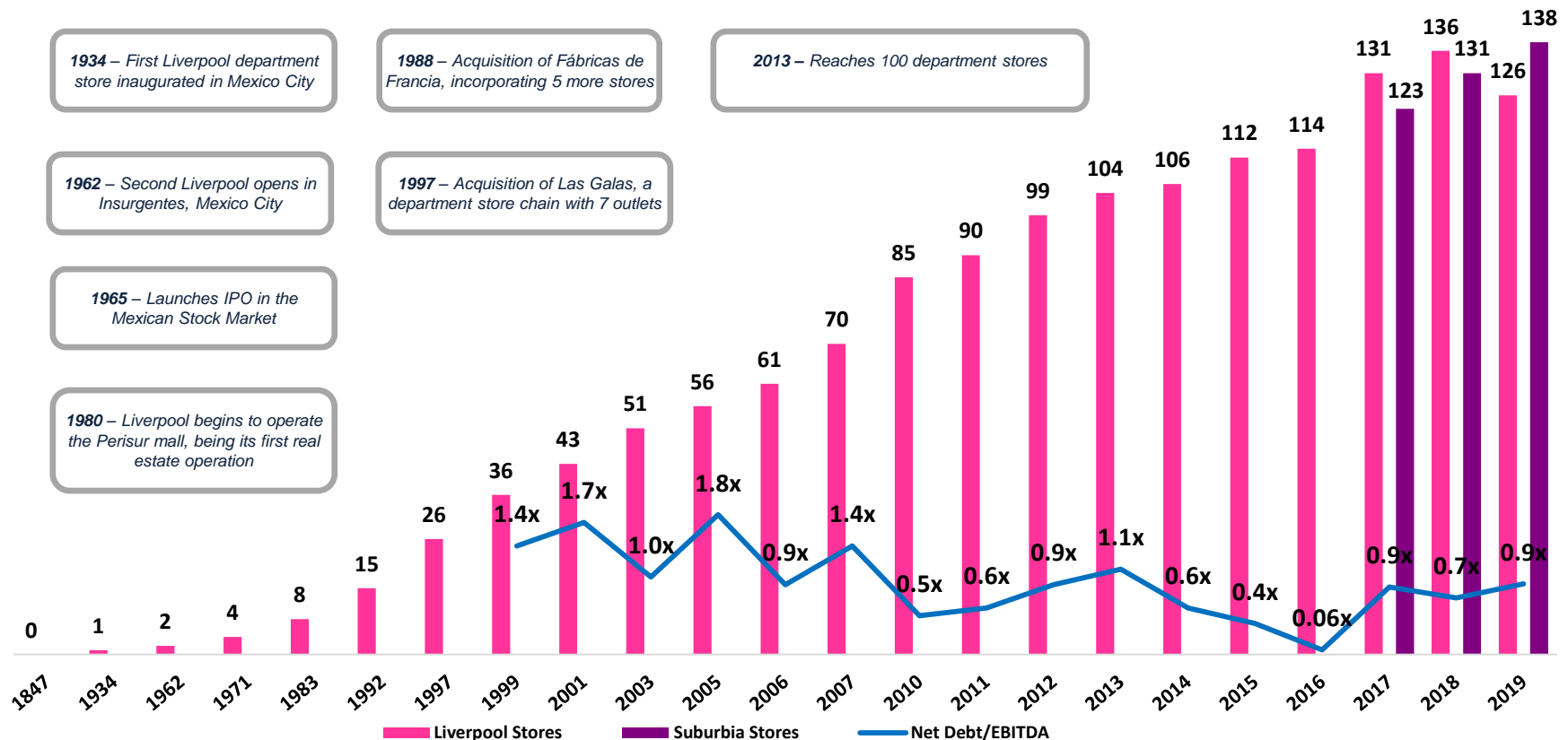
2013 – Reaches 100 department stores

1962 – Second Liverpool opens in Insurgentes, Mexico City

1997 – Acquisition of Las Galas, a department store chain with 7 outlets

1965 – Launches IPO in the Mexican Stock Market

1980 – Liverpool begins to operate the Perisur mall, being its first real estate operation



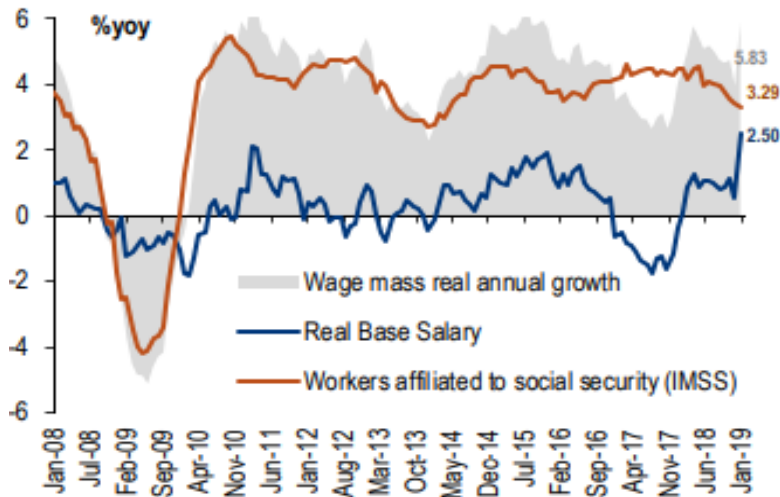
- Profitable growth and significant value creation through the development of a dense network of stores across Mexico and selected acquisitions

Source: Company website and annual reports.

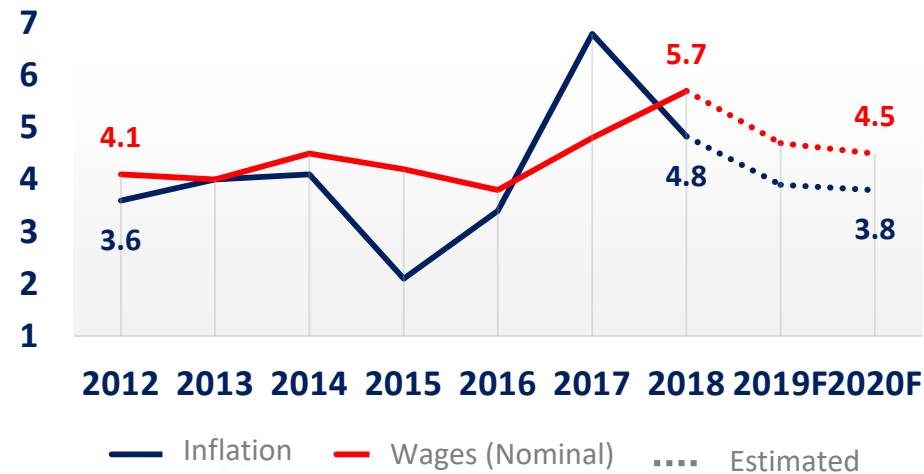
(1) Includes Liverpool and Fábricas de Francia formats. Does not include Suburbia

# Mexico's key economic figures

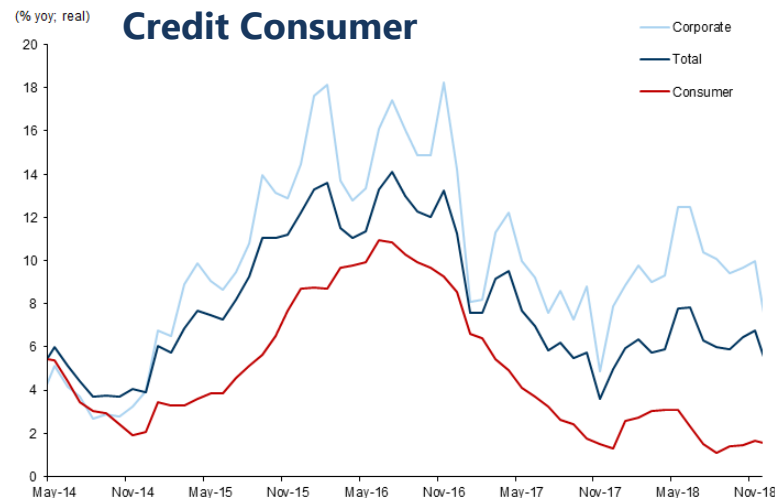
## Employment



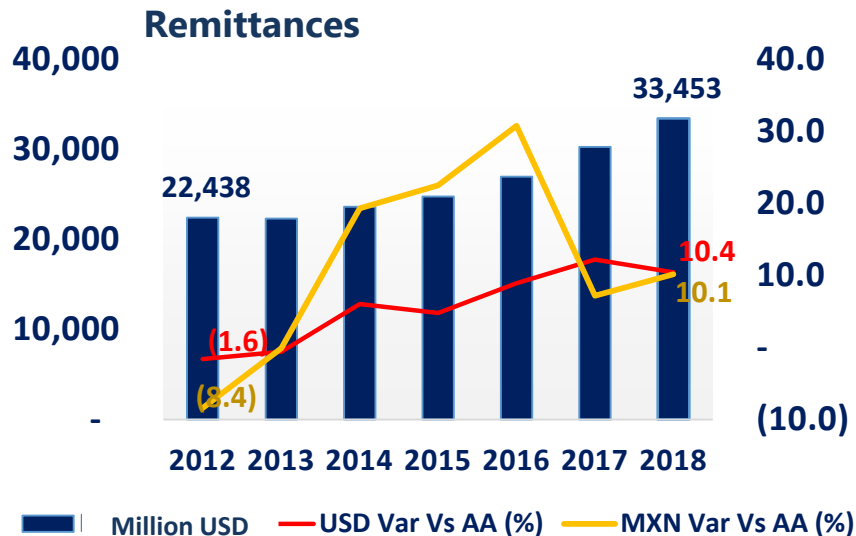
## Annual Inflation (%) & Wages



## Credit Consumer



# Mexico's key economic figures



### Consumer Confidence



The highest level on record stretching back to 2001.

# El Puerto de Liverpool

[www.liverpool.com.mx](http://www.liverpool.com.mx)

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**Valores (BMV): LIVEPOL**

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