



El Puerto de Liverpool, S.A.B. de C.V

September, 2018
Second Quarter 2018 Results



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Investment highlights



1

One of the leading Omnichannel department store retailers with national presence in prime locations

2

Highly recognized brand, consistently in the top of mind of consumers

3

Distinctive customer-centric, family-oriented product offering

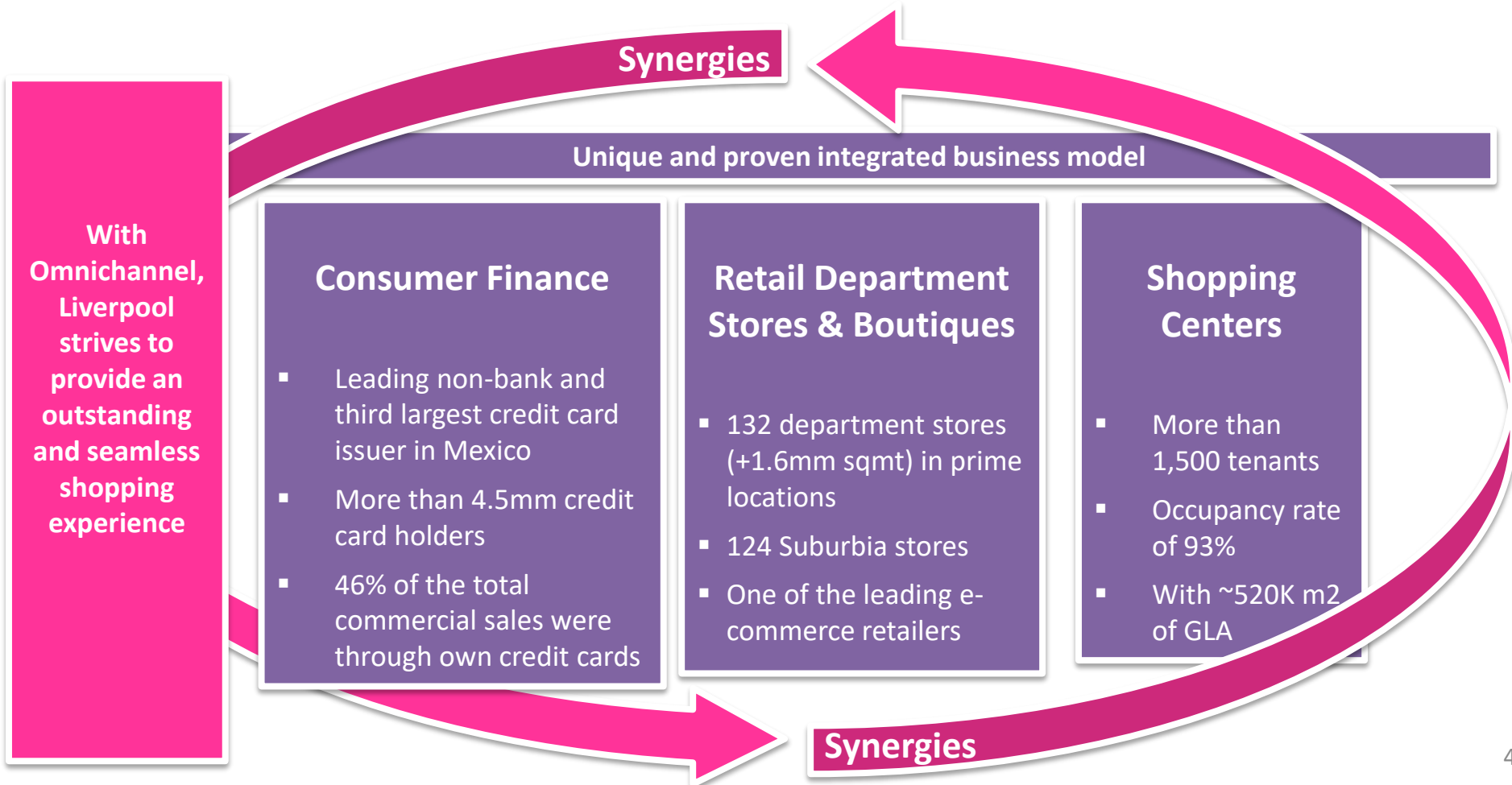
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Experienced management team with proven track record and strong corporate governance

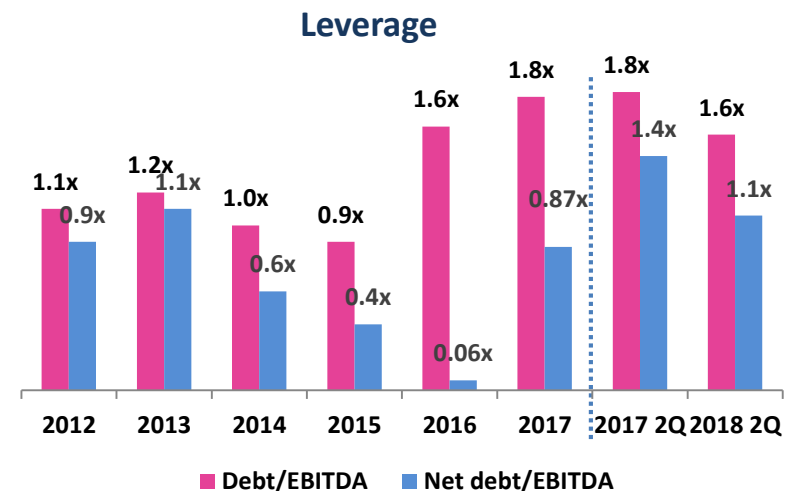
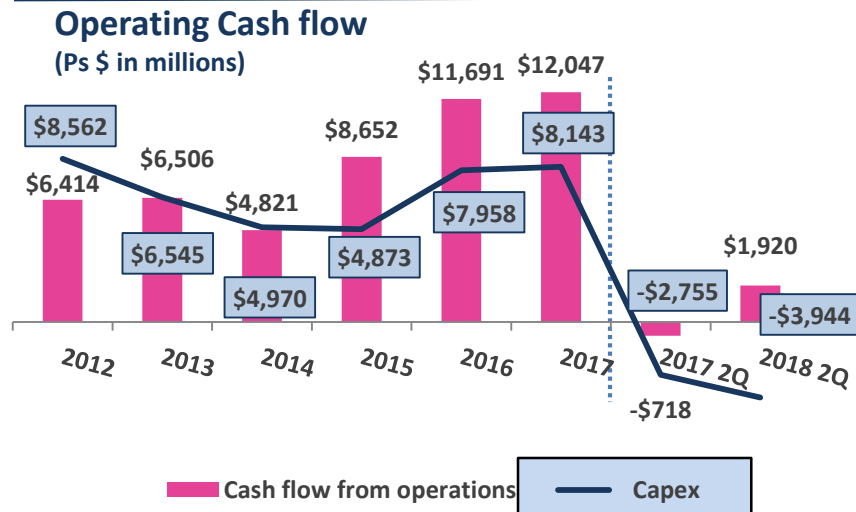
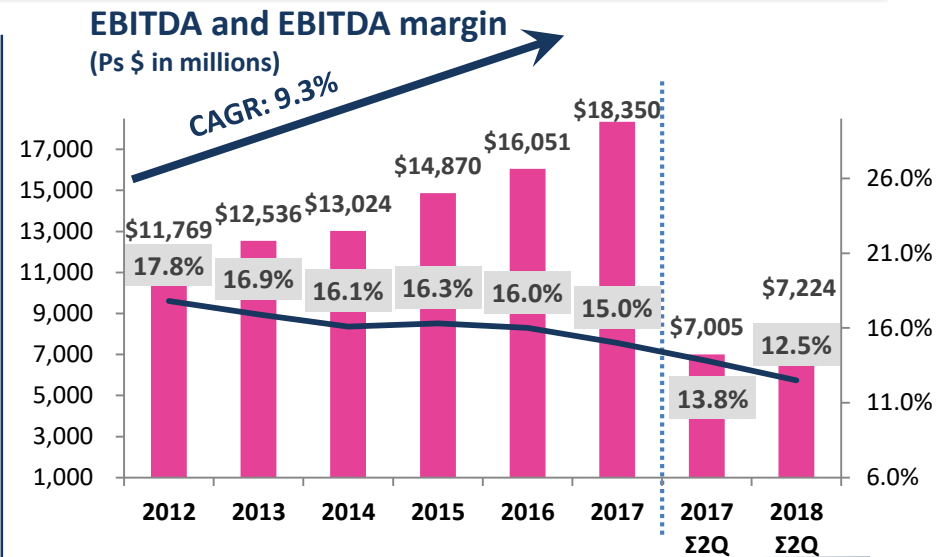
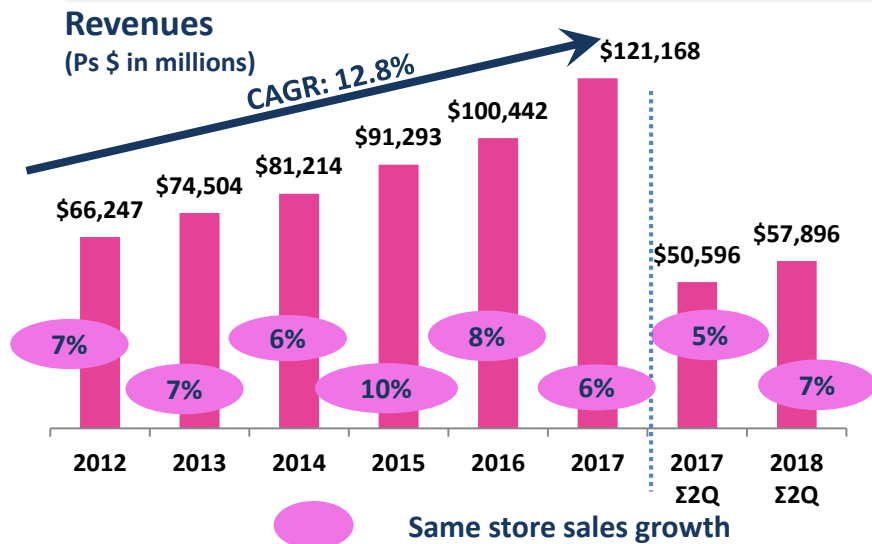
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Strong financial performance with robust cash flow generation and a disciplined leverage policy

Liverpool at a glance



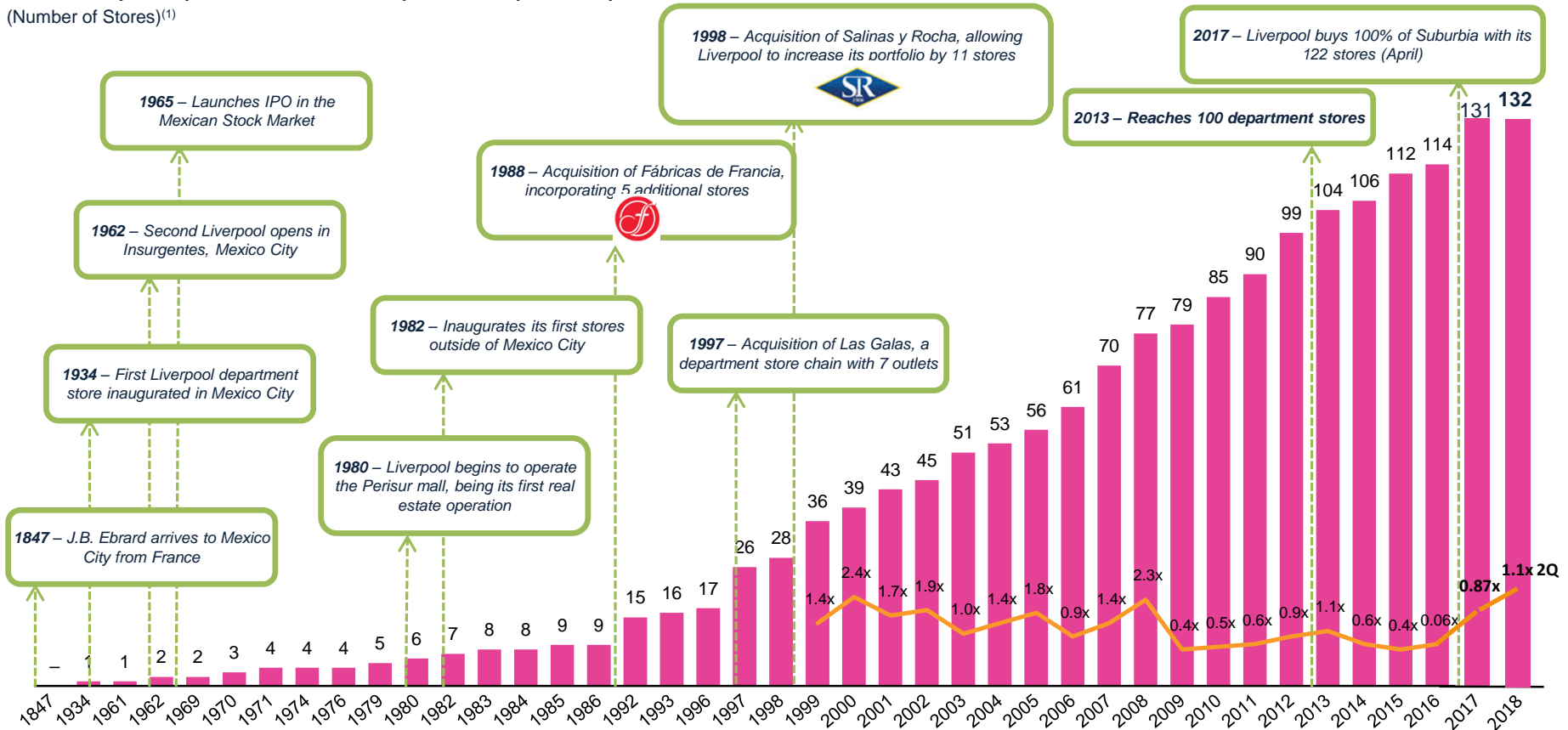
Strong financial performance with robust cash flow generation and disciplined leverage policy



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)⁽¹⁾



- 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

Net debt / EBITDA calculated in local currency.

Economic scenario

Positive

- Fx
- Remittances
- Employment
- Private spending
- Salaries
- Population
- Consumer confidence

Uncertain

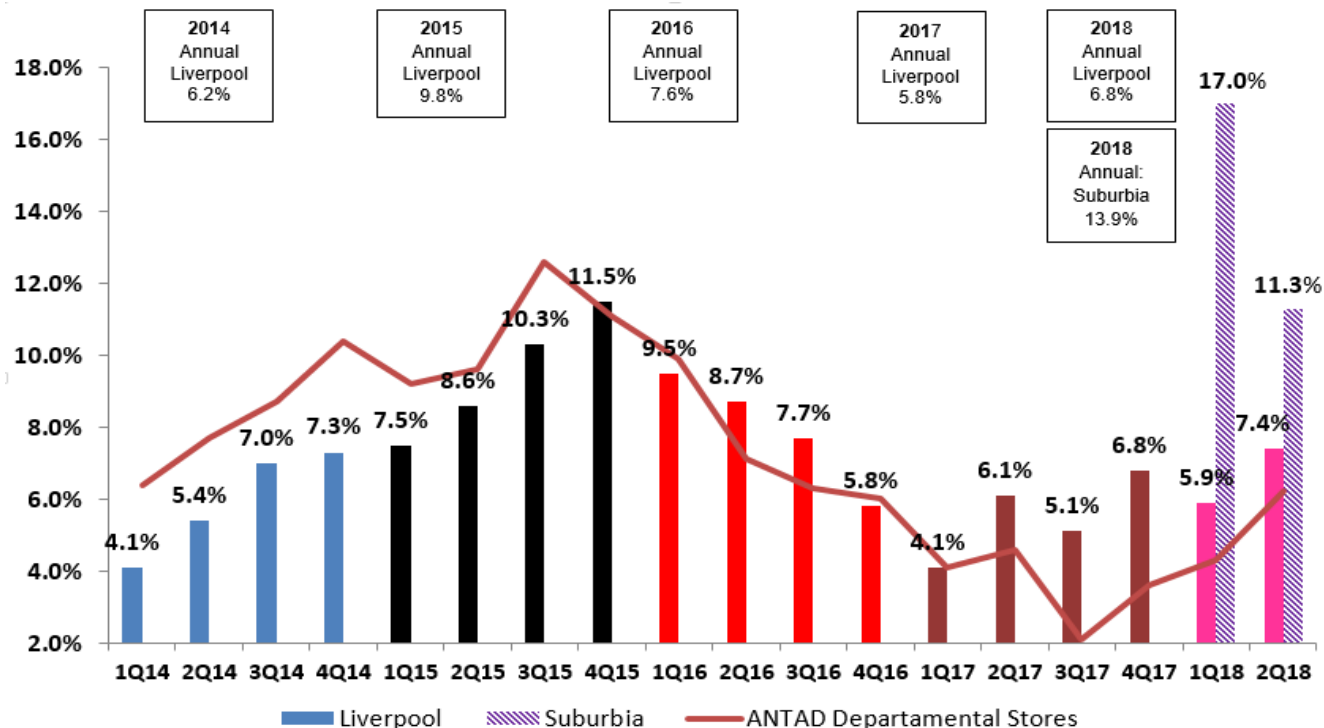
- TLCAN
- Transition of the new government

Negative

- Inflation
- Interest rates
- Consumption credit
- Public finance
- International trade
- Trade war

- Corruption
- Public safety
- Rule of law

- SSS for Liverpool in the second quarter increased 7.4% and 6.8% on a cumulative basis. For Suburbia sales grew 11.3% in this quarter and 13.9% in a cumulative basis.
- Average ticket for Liverpool increased 3.8% during the first semester, while traffic grew 2.8%. For Suburbia, ticket increased 5.0%, while traffic increased 8.6%.
- Total Retail Sales increased 8.8% and 14.9% in a cumulative basis.
- For perspective, Total ANTAD SSS grew 4.6% and 5.4% for the first six months. While Department Stores SSS increased 6.2% and 5.4% YTD.



2Q2018 Income Statement

	Reported Quarter			Cumulative		
	2Q18	2Q17	VAR %	2018	2017	VAR %
Total Income	32,633	29,945	9.0%	57,896	50,596	14.4%
Retail & Services	28,858	26,529	8.8%	50,704	44,128	14.9%
Consumer Finance	2,869	2,671	7.4%	5,457	4,923	10.9%
Leasing	906	745	21.6%	1,735	1,546	12.2%
COGS	19,543	17,894	9.2%	34,512	29,755	16.0%
as % of Total Income	59.9%	59.8%		59.6%	58.8%	
Gross Profit	13,090	12,050	8.6%	23,384	20,842	12.2%
Gross Margin	40.1%	40.2%		40.4%	41.2%	
SG&A	9,025	8,393	7.5%	17,772	15,263	16.4%
as % of Total Income	27.7%	28.0%		30.7%	30.2%	
Net Profit	4,065	3,657	11.2%	5,612	5,579	0.6%
EBITDA	4,871	4,494	8.4%	7,224	7,054	2.4%
as % of Total Income	14.9%	15.0%		12.5%	13.9%	
Same stores growth	7.4%	4.1%		6.8%	5.2%	
Customer's Portfolio	31,448	30,171	4.2%			

2Q2018 Balance Sheet

(Million MxPs)	Jun 18	Jun 17	Chg	% vs YA
Cash / cash equivalent	9,162	6,587	+2,575	39.1%
Loan portfolio	31,448	30,171	+1,277	4.2%
Inventories	20,635	19,240	+1,395	7.2%
Investment in associates	8,051	7,033	+1,018	14.5%
Fixed assets	45,226	43,199	+2,027	4.7%
Investment properties	19,742	17,789	+1,953	11.0%
Other	28,480	25,612	+2,869	11.2%
Total assets	162,744	149,631	+13,113	8.8%
Suppliers	19,633	16,837	+2,796	16.6%
Short term loans	1,000	1,546	-546	-35.3%
Long term loans	30,576	29,241	+1,335	4.6%
Other liabilities	19,445	20,284	-839	-4.1%
Total liabilities	70,653	67,908	+2,745	4.0%
Stockholders equity	92,090	81,722	+10,368	12.7%

Trend in Cash flow

(Million MxPs)	2017	2016	2015
Operating Income	15,231.7	13,406.4	12,655.3
Depreciation and amortization	3,118.8	2,644.5	2,215.1
EBITDA	18,350.5	16,050.9	14,870.4
Interests	(2,677.4)	(1,020.2)	(970.0)
Taxes	(4,438.2)	(3,678.2)	(4,645.2)
Working Capital	801.8	(1,083.2)	(1,045.3)
Other	10.6	1,422.1	442.0
Cashflow from operations	12,047.4	11,691.4	8,651.9
Capex	(8,143.0)	(7,958.2)	(4,873.1)
Cashflow before dividends	3,904.4	3,733.2	3,778.8
Dividends	(1,288.3)	(1,288.4)	(1,087.1)
Cashflow	2,616.1	2,444.8	2,691.8
Suburbia acquisition	(18,205.2)	0.0	0.0
Debt	6,650.0	14,546.20	0.0
Increase / (decrease)	(8,939.2)	16,991.0	2,691.8

2Q2018 Cash flow

(Million MxPs)	2Q18	2Q17	Change
Operating Income	5,612.1	5,579.2	33.0
Depreciation and amortization	1,611.4	1,475.2	136.2
EBITDA	7,223.5	7,054.4	169.2
Interests	(1,424.7)	(1,170.5)	(254.2)
Taxes	(2,353.6)	(2,234.4)	(119.3)
Working Capital	(1,350.0)	(2,149.0)	799.0
Other	(175.3)	(2,218.4)	2,043.1
Cashflow from operations	1,920.0	(717.9)	2,637.9
Capex	(3,943.6)	(2,754.8)	(1,188.7)
Cashflow before dividends	(2,023.6)	(3,472.7)	1,449.1
Dividends	(778.4)	(778.4)	0.0
Cashflow	(2,802.0)	(778.4)	(2,023.6)
Suburbia acquisition	0.0	(17,636.1)	17,636.1
Debt	(4,671.5)	2,900.0	(7,571.5)
Increase / (decrease)	(7,473.4)	(18,987.2)	11,513.8

EBITDA margin change '16 vs '17

EBITDA margin 2016	16.0%
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Commercial margin	-0.20%
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Business mix	-0.08%
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Current business	-0.28%
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NPL reserves	-0.50%
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Omnichannel, Logistics and IT	-0.20%
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One timers	0.21%
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Aeropostale divestiture	0.47%
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Suburbia acquisition expenses	-0.12%
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Earthquake expenses	-0.14%
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OPEX	-0.49%
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Suburbia business integration (commercial)	-0.15%
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Other	-0.08%
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Total change	-1.0%
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EBITDA margin 2017	15.0%
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Credit card key facts

1

- Leading non-bank and third largest credit card issuer in Mexico.

2

- More than **4.7mm** credit card holders, an 6.9% increase vs. 2Q2017.

3

- Credit card sales during 2Q18 accounted for **~46% of total sales**, a decline of 30 bps vs YA.

4

- **NPLs of 5.7%** as of 2Q18 reflect an increase of 76 bps vs. 2Q17.

5

- In January the “**Puntos Rosas**” loyalty program was launched with positive results for our private label card and the business.

6

- **Loyalty program for LPC** well positioned within our customers base.

7

- **Off us invoicing** is growing consistently at double digit for everyday spending. These generate points that are converted into internal sales.

Ahora tu Tarjeta de Crédito Liverpool te da
Puntos Rosas

Busca las promociones con Días de Puntos
y acumúlalos.



Además, tu Tarjeta de Crédito Liverpool es también
tu Monedero Electrónico.

- **Risks Management:**
 - Improve the quality of **credit granting**.
 - **Origination models** have been improved. More good customers!!
 - **Collection efforts** have been updated: pre-collection. Very good results!!
- **Risk based pricing:** APR adjusted according to risk.
- **Behavior scoring** for existing customers.
- **Share** of Liverpool cards on liverpool.com.mx is higher than on brick and mortars' thanks to a very good customer experience (approval process and low fraud levels).
- More customers managing their credit cards via web page or Apps = Better service and savings!!!
- **Credit applications project** via tablet will be released by IV18 including Suburbia.
- New **fixed payments scheme** with attractive interest rates, at longer payment periods.
- Project to **reactivate inactive accounts**.

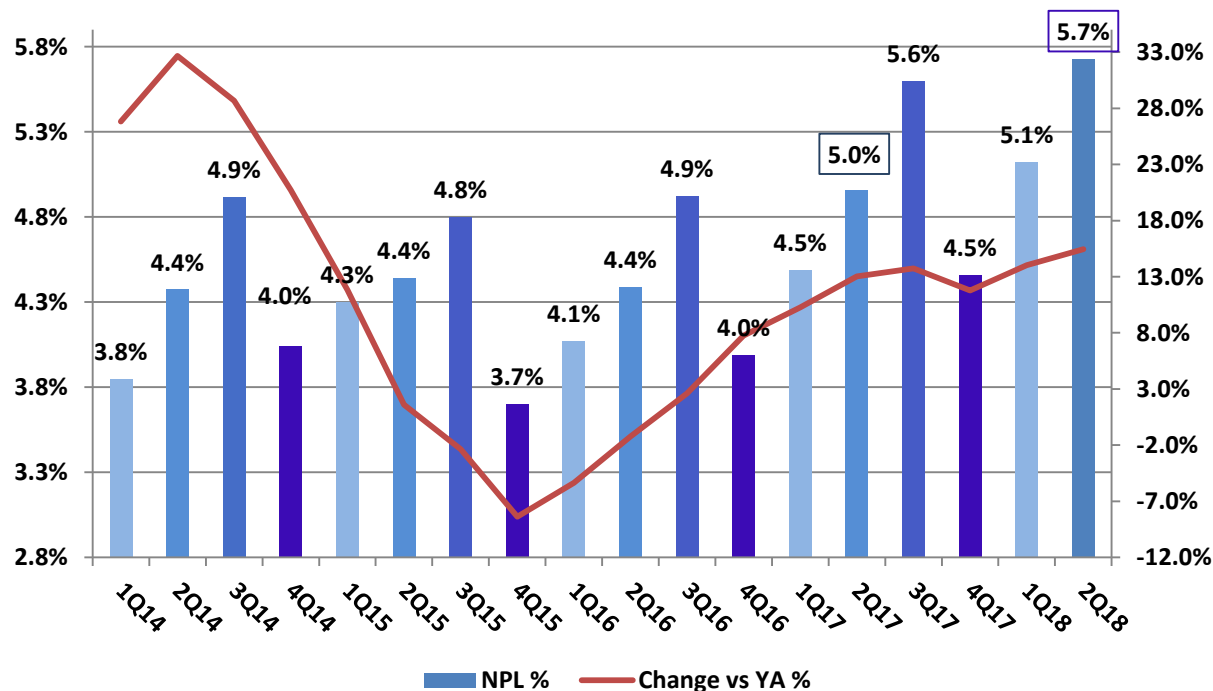


Credit Card Division – 2Q18

- Peso devaluation, general inflation and scoring related to new credits have been affecting NPLs.

Reserves as of June the 30th:

Thousand Pesos	Jun18	Jun17	Dif %
Initial balance of reserve:	3,085,681	2,516,143	22.6%
(+) New reserves:	2,029,362	1,590,877	27.6%
(-) Write off:	(1,474,881)	(1,138,025)	29.6%
Ending balance of reserve	3,640,162	2,968,995	22.6%



Vision:

“Liverpool will be the undisputed leader of Omnichannel sales in Mexico”

Five Pillars:

- **Liverpool brand**
- **Private Label Credit Card**
- **Assortment/ Exclusive Brands**
- **Logistic Infrastructure**
- **Store footprint + sales associates**

Liverpool's Omnichannel advantages vs. pure players:

- **Omnichannel Customer is 2.2X more loyal**
- **Web page drives traffic to store**
- **Allows for customer-preferred Click & Collect deliveries**
- **Leverage stores for faster and more efficient deliveries**

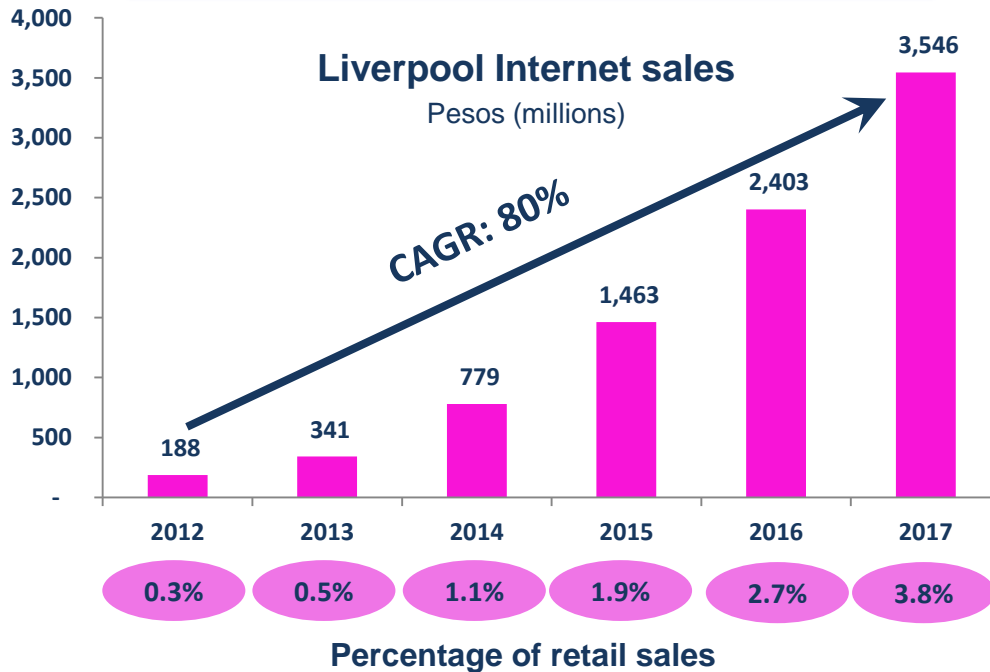
Omnichannel and the Mexican Market

**It is key to understand the differences between
the Mexican and the U.S. markets:**

	Mexico	U.S.
Health of department stores format	Opportunities: <ul style="list-style-type: none">- Full line department store remains relevant- One stop shopping	Declining for the past decades: <ul style="list-style-type: none">- Category killers- Fashion retailers- Categories elimination in department stores- Downsizing- Internet sales
Shopping mall traffic	High traffic for both, shopping and leisure	Declining
Credit card penetration	Still underpenetrated	Multiple offerings
Parcel delivery	Must be by hand	May be left at front door
In-Store order pickup	Preferred by +40% of customers (Click & Collect)	Home delivery is the #1 choice

Omni-channel operations

Liverpool was the first retailer in Mexico to implement Omni-channel.



ENVÍO GRATIS SIEMPRE.
SÍ, SIEMPRE

ENVÍO GRATIS 

SI NO ES LO QUE ESPERABAS,
TE LO CAMBIAMOS

 **Garantía**




COMPRA EN LINEA,
RECOGE EN TIENDA

CLICK&COLLECT

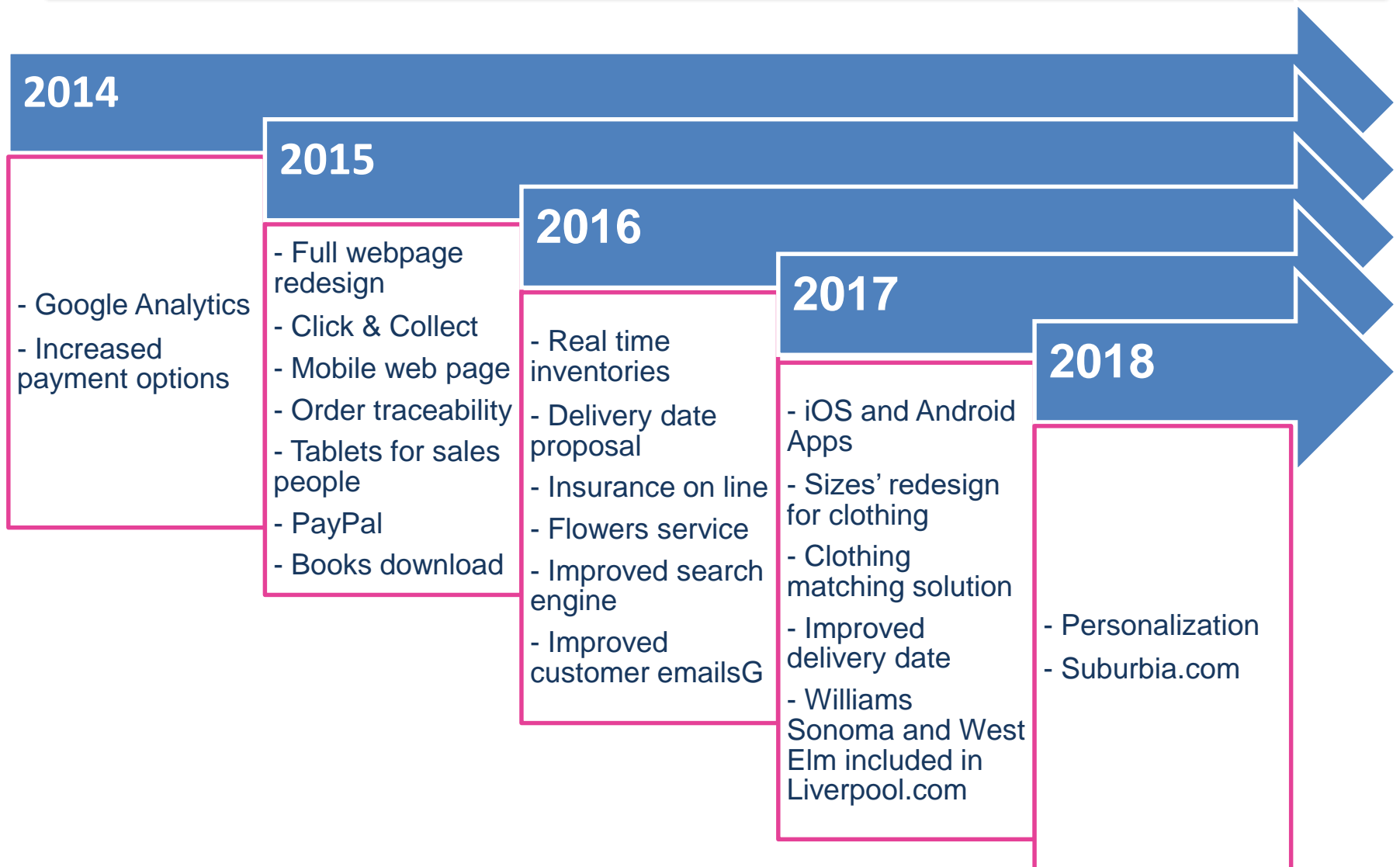
Omnichannel logistics



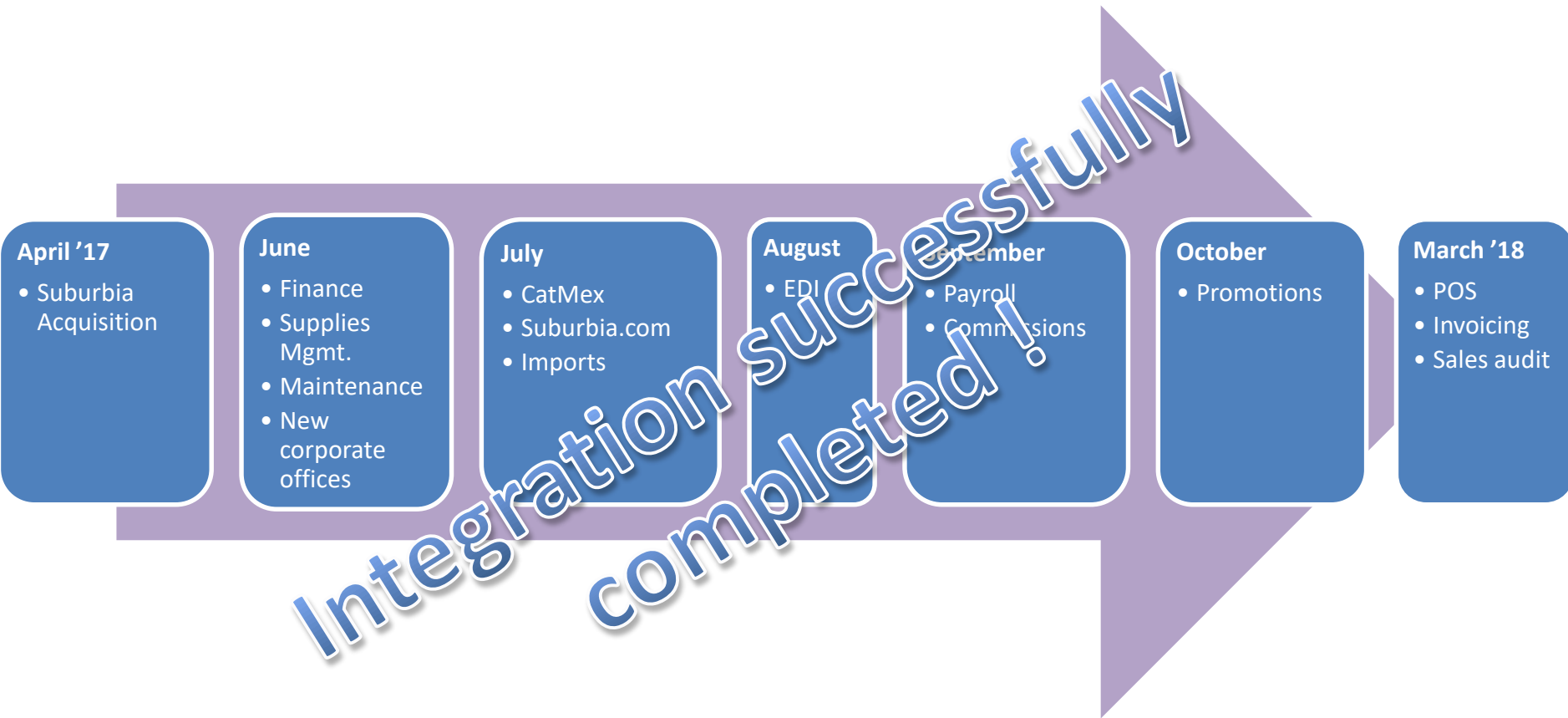
Store experiences and customer engagement

Stores	Customer Engagement	Loyalty programs and big data
<p>Connected Concepts</p> <p>iPads for sales personnel Customer's Wi-Fi (2018)</p>	<p>Social Media</p> <p>Over 5 million followers in main social networks.</p> <p>  </p> <p>Our response time and interaction are a reference with over 500 million visits/year.</p>	<p>Loyalty program</p> <p>Liverpool cards: Customers' data allow us to have focused promotions and merchandise offering.</p> <p>Surprise rewards as gifts and discounts.</p>
<p>Enhanced Store Experiences</p> <p>Beauty cabins. Gourmet Experience. SPA treatments. Children play areas. Gadgets and electronics, demos, and hands on tests.</p>	<p>Influencers / Celebrities</p> <p>Fashion Fest: Event held twice a year is a reference for fashion trends.</p> <p>Top models and celebrities are the image for every season/event.</p>	

Omni-Channel Evolution



Suburbia's Processes Integration Evolution



Suburbia's Pillars for Growth

- 1 Strengthen Suburbia's successful business model.
- 2 Accelerated expansion of new stores openings.
- 3 Launch our own private label credit card.
- 4 Omnichannel model launch.
- 5 Strengthen the logistics model
- 6 Create CRM capabilities.
- 7 Talent development model.



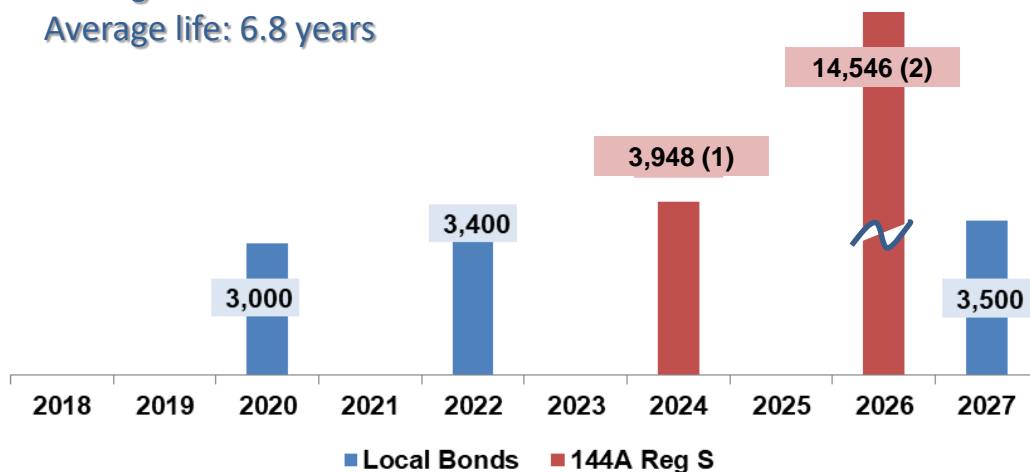
Liverpool has a conservative debt structure with a very manageable maturity profile

Million Pesos (as of Aug. 31st 2018)

Total Debt: Mx\$28,394.1

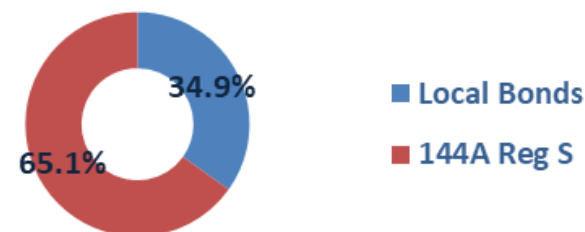
Average interest rate: 7.97%

Average life: 6.8 years

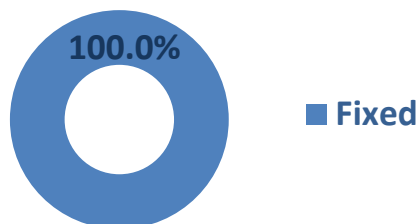


- (1) LIVEPOL24 144A Reg S US\$300 million, fixed exchange rate 13.15 MxPs/USD
 (2) LIVEPOL26 144A Reg S US\$750 million, fixed exchange rate 19.39 MxPs/USD

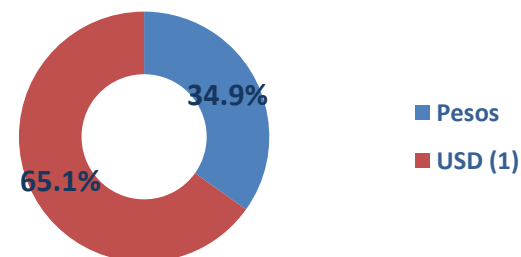
By Instrument:



By interest type:



By currency:



(1) Fully hedged in Pesos

Company Earnings Calendar 2017 & 2018

Reporting Quarter	Stock Market Report (Market closed)	Earnings Call (Mexico City time)
Fourth 2017	February 20 th	February 21 st 9am
First 2018	April 25 th	April 26 th 8am
Second 2018	July 27 th	July 31 st 9am
Third 2018	October 24 th	October 25 th 9am
Fourth	TBD	TBD



EL Puerto de Liverpool S.A.B. de C.V

Stock Information
Bolsa Mexicana de Valores (BMV):
LIVEPOL

Contact Information
emgrinang@liverpool.com.mx
IR: www.elpuertodeliverpool.mx
www.liverpool.com.mx



