



March, 2019
Fourth Quarter 2018
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.

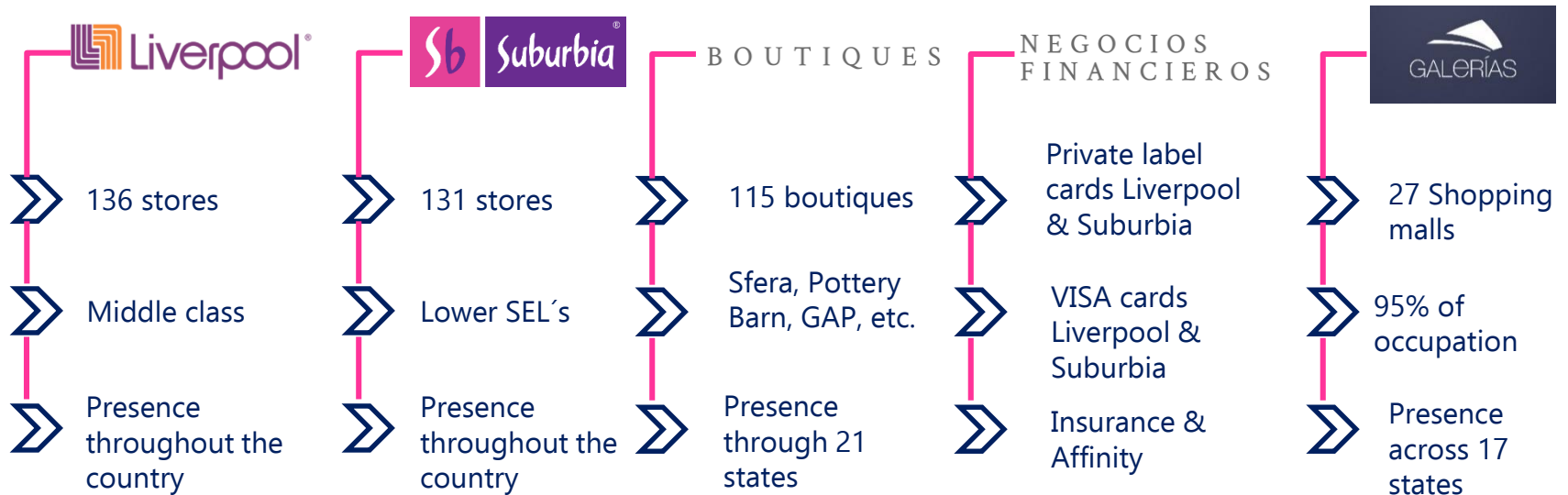
Suburbia

- ✓ 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

\$135,535M
2018
REVENUES

7.1% increase
2018 (YoY)
SSS¹

\$20,237M
2018
EBITDA

14.9%
2018
EBITDA MARGIN

\$8,592M
2018
CAPEX

\$12,453M
2018
OPERATING CF

40.5% increase
2018 (YoY)
E-COMMERCE SALES

54% of e-commerce
sales through
CLICK & COLLECT

5 Liverpool Stores
7 Suburbia Stores
**STORE OPENINGS
(2018)**

Leading non-bank &
third largest CC issuer²
CREDIT DIVISION

More than
5.1M
CARD HOLDERS

45% of total retail
sales through
OUR CREDIT CARD³

¹ For Suburbia & Liverpool, includes digital sales.

² in Mexico.

³ Liverpool only.

*Figures in Million MXP

Our Values, Mission and Vision

Values



Mission

**We serve our
customers**

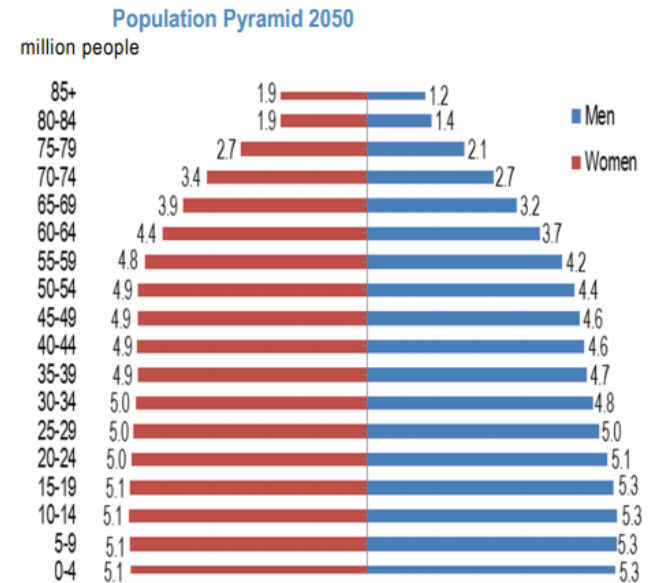
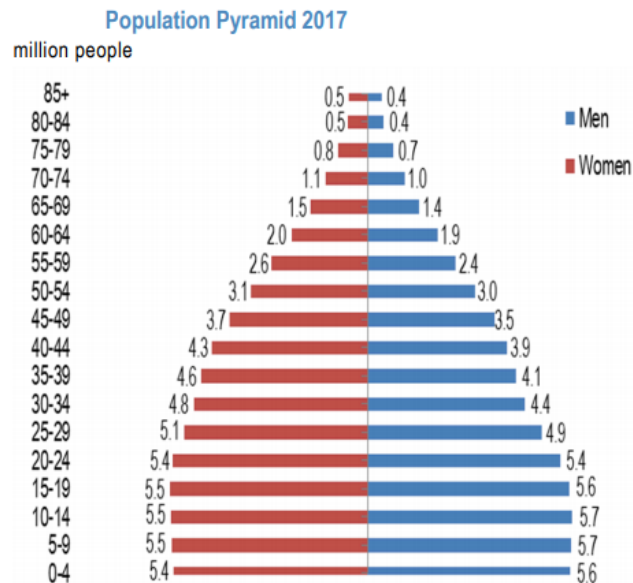
everywhere,
everyday,
anytime.

Vision

**To be the most
attractive option**

in service,
assortment,
and value.

Mexico's Socioeconomic & Demographic Analysis



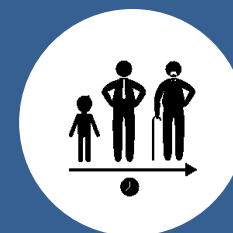
+ 129M
Total
population



Average age is
27 years old



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



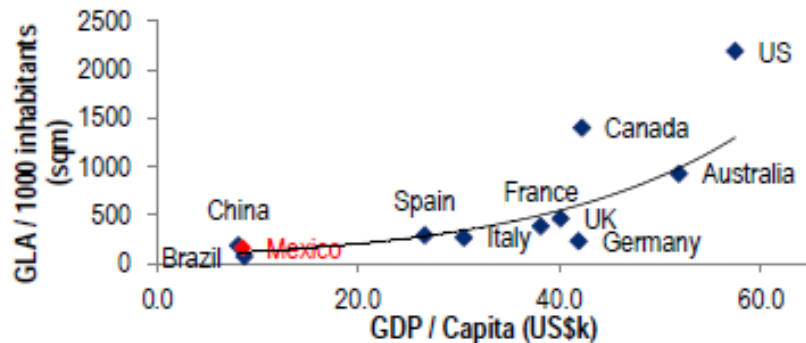
The population growth
rate decelerates (young
population dependency
ratio decreases).

Opportunities for Brick & Mortars Growth

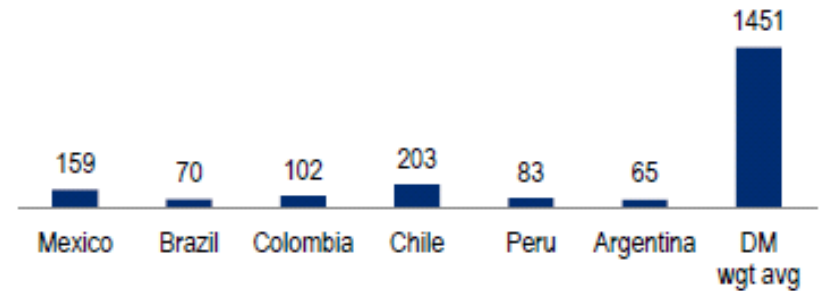
Mexico has relative low penetration of shopping malls and department stores ¹

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

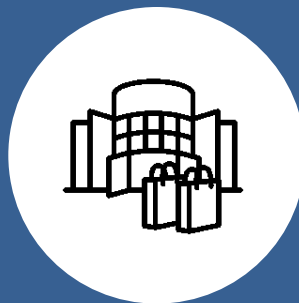
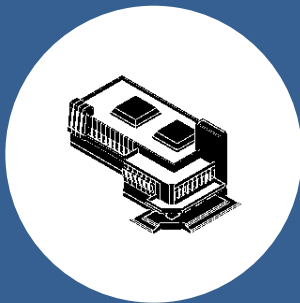
Gross leasable area (GLA) as a proxy for aggregate stores' area



Note: only includes centers >10k sqm.



Note: only includes centers >10k sqm.



¹ Citi Research, ICSC, and GGP

² Citi Research and ICSC

e-Commerce in Mexico...

USD \$9,441M
e-commerce market
revenue in 2019 ¹

USD \$12,778M
Market revenue by 2023 ¹



47.2%
User penetration
in 2019 ¹

7.9%
Expected revenue
annual growth rate
(2019-2023)¹

52.7%
User penetration
expected by 2023 ¹

2017 e-commerce
concentration levels
show that the industry hasn't
consolidated yet. ²

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



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. ³

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

Internet penetration for
Z generation is **83%** &
70% for Millennials ⁴



¹ Statista

² Scotiabank

³ HSBC

⁴ Forbes

Omnichannel Right to Win



Retail Assortment & Extended Catalog
•Exclusive Brands



Logistics Infrastructure



Payment Method Credit Card



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



Liverpool Brand



Leading IT Platform



Store Network

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

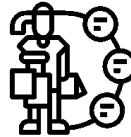
Digital Transformation

(Initiatives 2018)

50% of click share
from national market
for Liverpool.com ¹



New Marketplace
launch



Suburbia.com



Traceability



Post-sale services for
Liverpool and
Suburbia



Customer
personalization

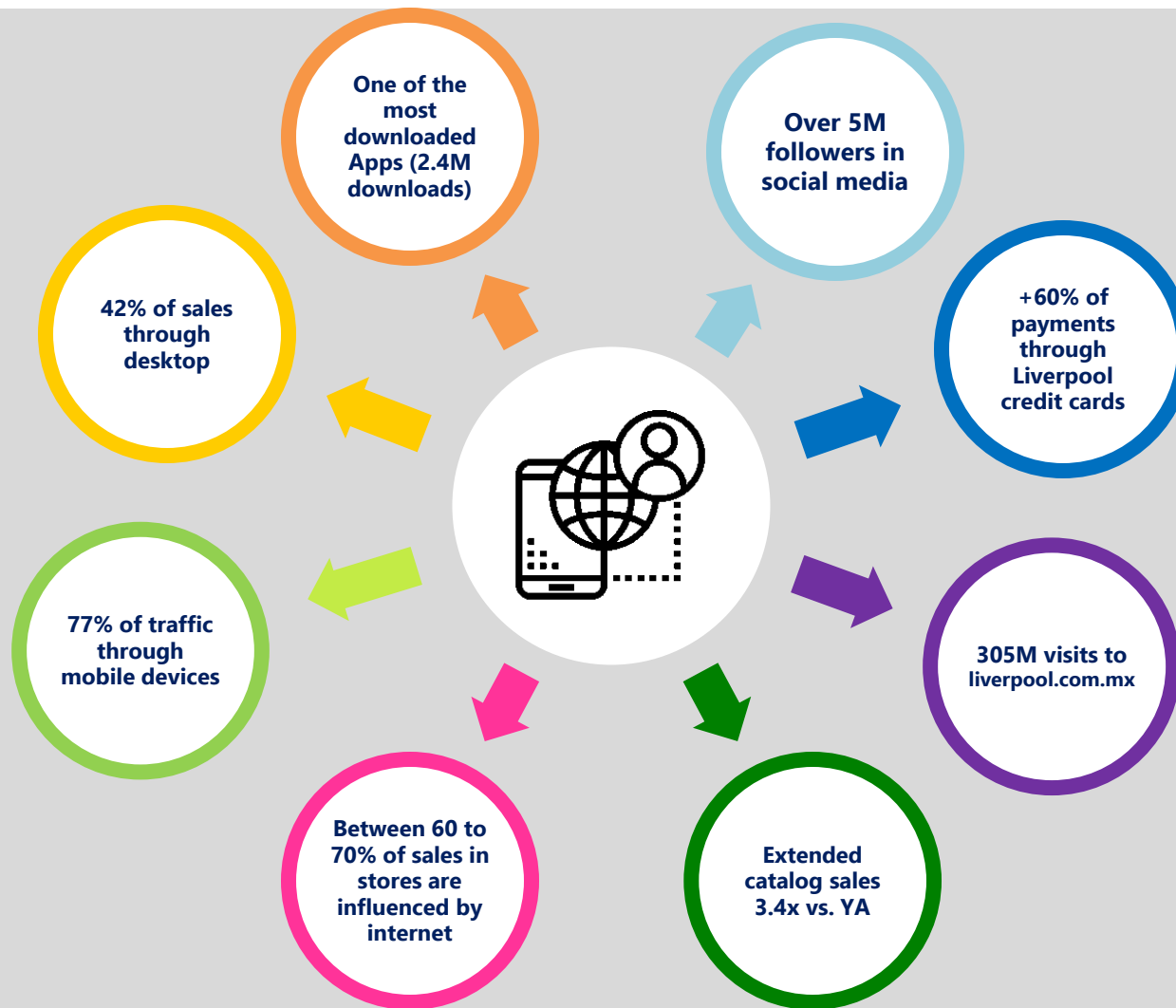


Customer Experience
& Big Data



¹ In the categories of Clothing, Footwear, and Bags.

Online Customer Behavior



*Total year figures

Financial Highlights 2018

YoY

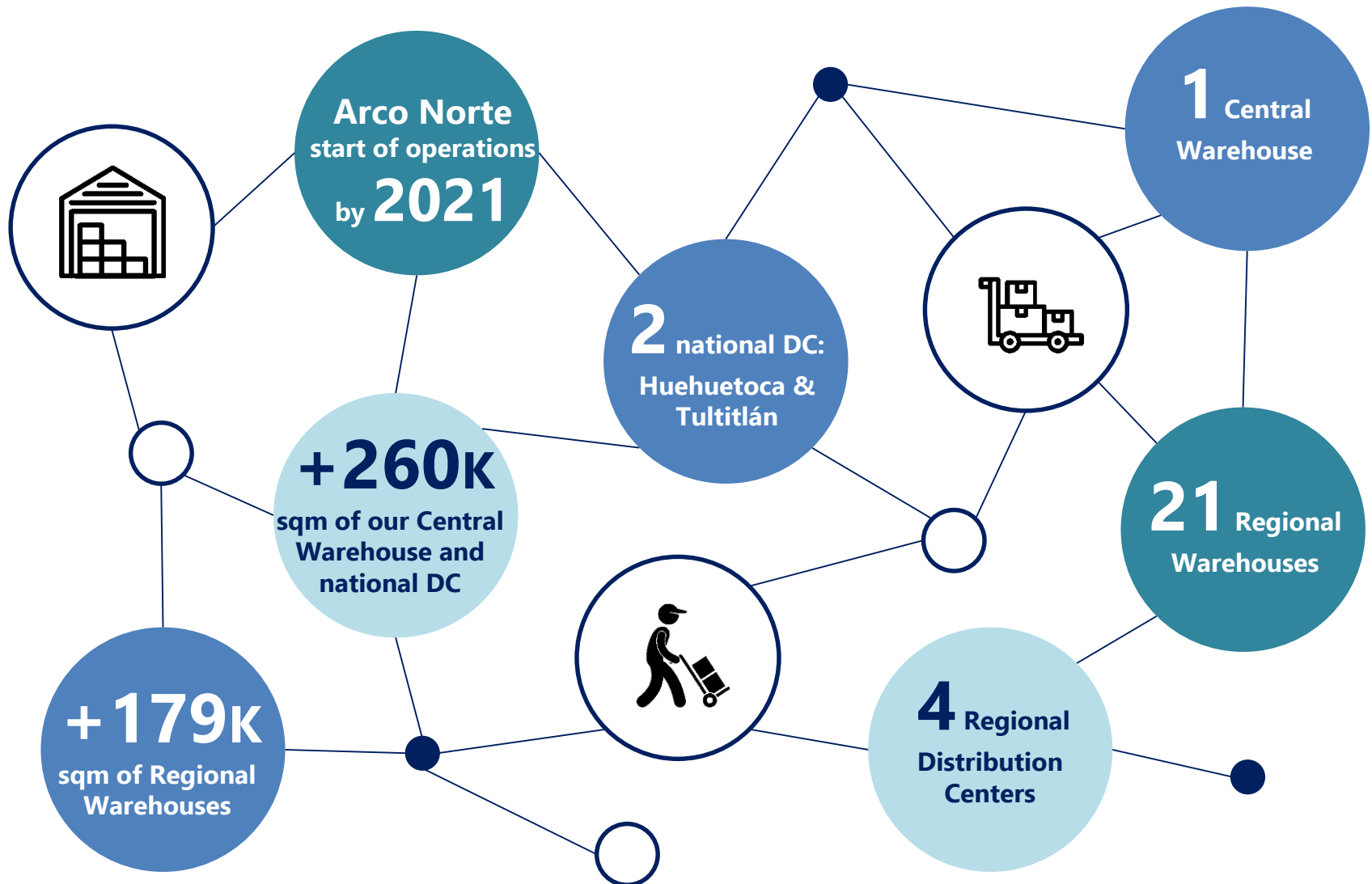
Total Income	10.9%
Gross Margin	39.8%
Net Income	18.5%
Net Operating Expenses	10.3%
EBITDA	10.3%
EBITDA Margin	14.9% ⁽¹⁾

⁽¹⁾ Flat vs. YA

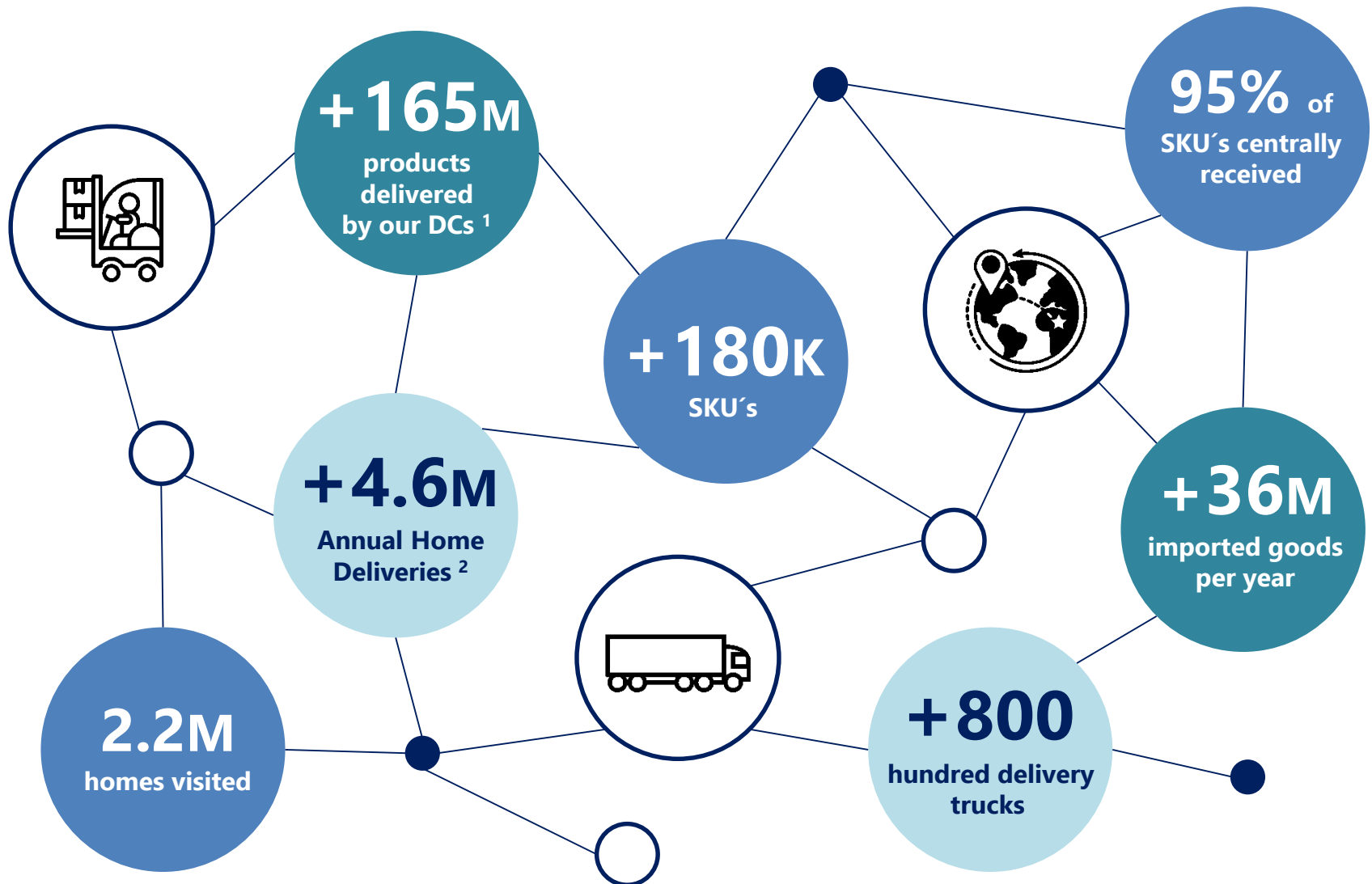
Debt:

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

Logistics Strategy



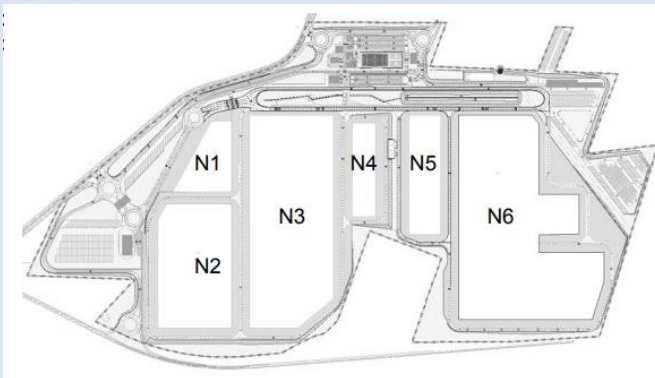
Logistics Strategy



- 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

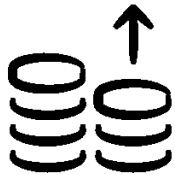


Construction Space 1.2M sqmt

Land Area

175 hectares

Strategic Priorities



Profitability
Improvement



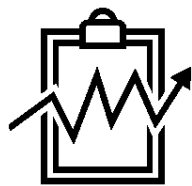
Suburbia's
Growth



Digital
Transformation



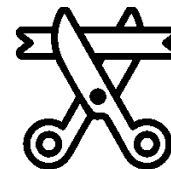
Liverpool's Strategy



Productivity improvement:
Sales/m², Margin,
Expenses/m²



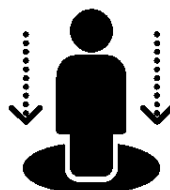
Fábricas de Francia
transformation



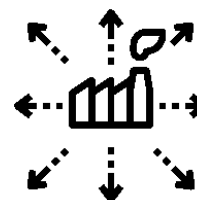
New stores: 2019→ 3
Going forward→ 3~4



Customer
Service



Customer
Personalization



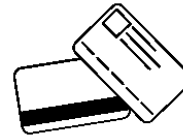
New Logistics
Platform



Maintain successful business model



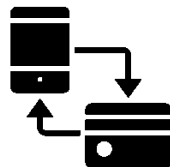
Accelerated expansion to reach 250 total units by 2022.



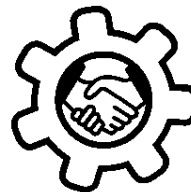
Development of our own credit card.



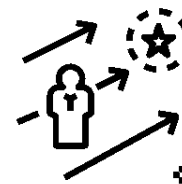
Best in class IT (SAP S/4 Hana)



Omnichannel launch

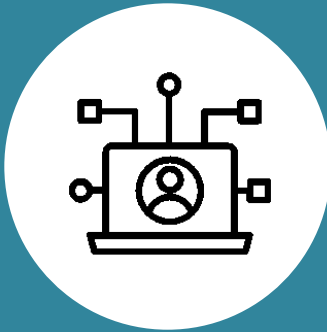


Create CRM capabilities.



Talent development model.

Financial Businesses' Strategy



Improve customer
experience



Digital
Transformation



Risk
Management



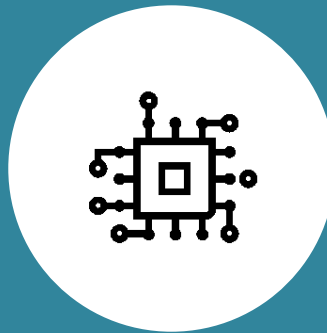
Suburbia
Card



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



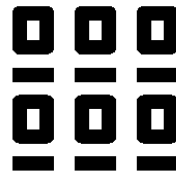
New payment methods



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**

As of March 11th we have converted 17 F.F. to Liverpool, one to Suburbia, and two have closed.



**Value
creation**




**Operating
efficiencies**



**Better customer
identification**

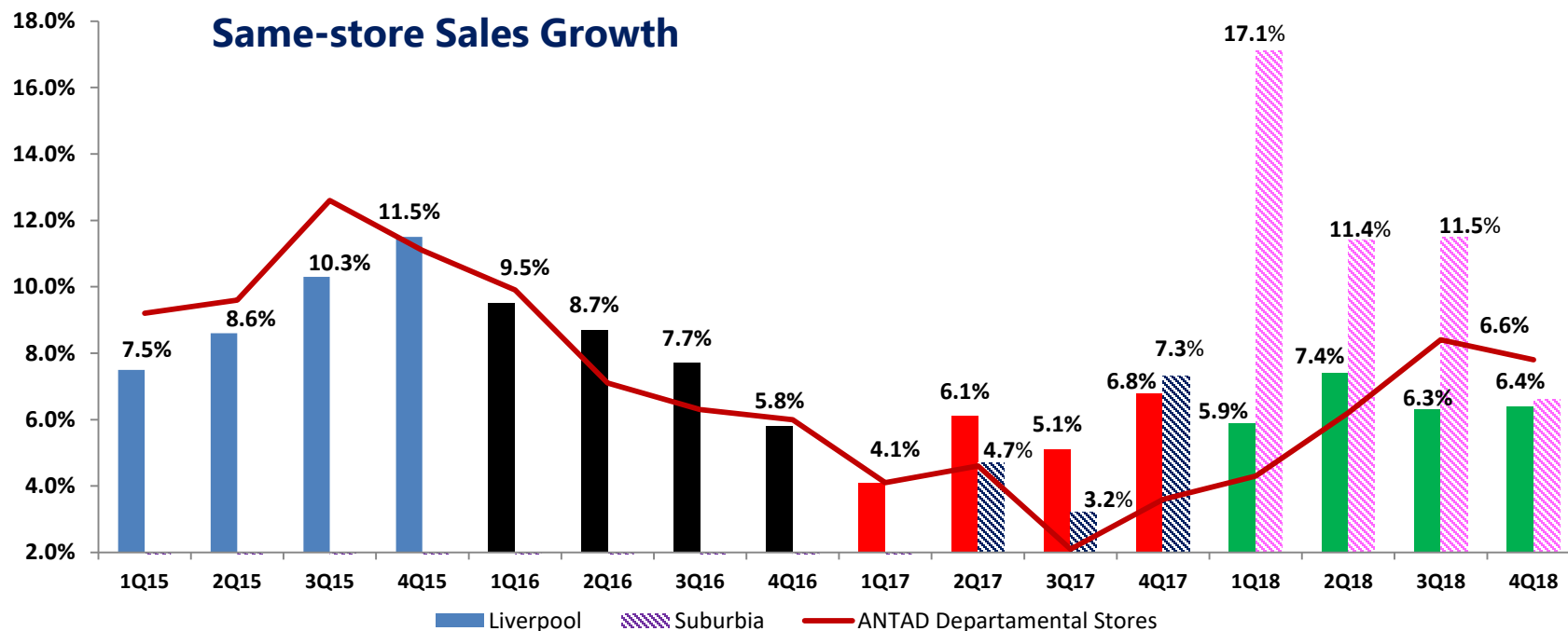
Retail Sales 4Q2018

		4Q18	2018
Retail Sales	Liverpool & Suburbia	8.1%	10.8%
SSS	Liverpool	6.4%	6.5%
SSS	Suburbia	6.6%	10.6%
Average ticket	Liverpool		4.6%
Traffic	Liverpool		1.8%

National Benchmark:

		4Q18	2018
SSS	ANTAD	4.4%	5.0%
Department Stores SSS		7.8%	6.8%

Sales Growth

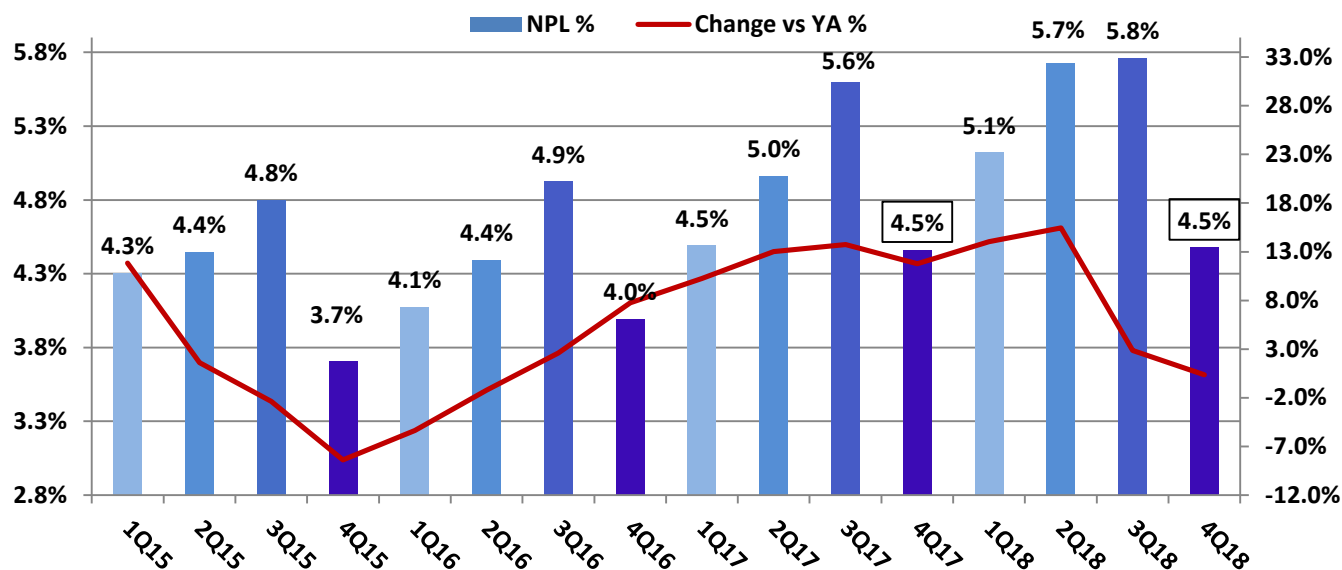


Annual Growth:

	2015	2016	2017	2018
Liverpool	9.8%	7.6%	5.8%	6.5%
Suburbia			4.6% ⁽¹⁾	10.6%
TOTAL				7.1%

(1) Starting in April '17

Credit Card Division – 4Q18



Millions	4th Quarter			YTD		
	2018	2017	Dif. %	2018	2017	Dif. %
Initial balance of reserve	3,615	3,318	8.9%	3,086	2,516	22.6%
(+) New Reserves	555	554	0.3%	3,355	3,081	8.9%
(-) Write off	(907)	(786)	15.4%	(3,178)	(2,511)	26.5%
Ending balance of reserve	3,263	3,086	5.8%	3,263	3,086	5.8%

Liverpool has a conservative debt structure with a manageable maturity profile

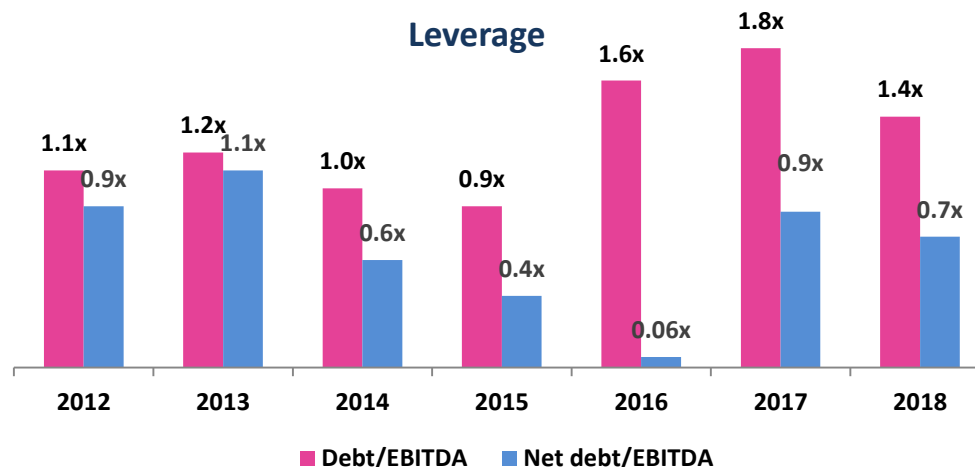
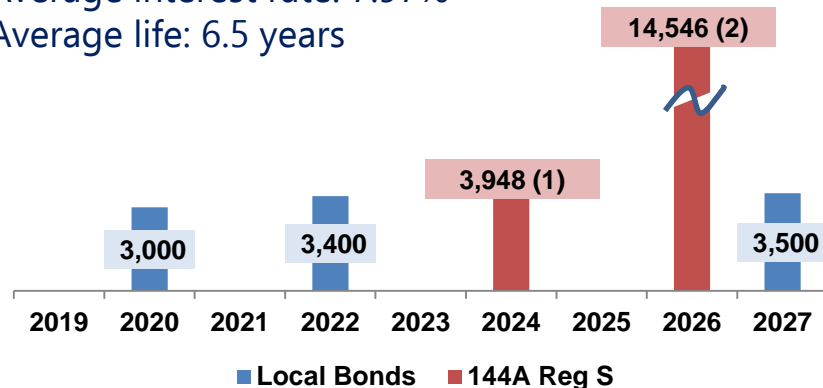
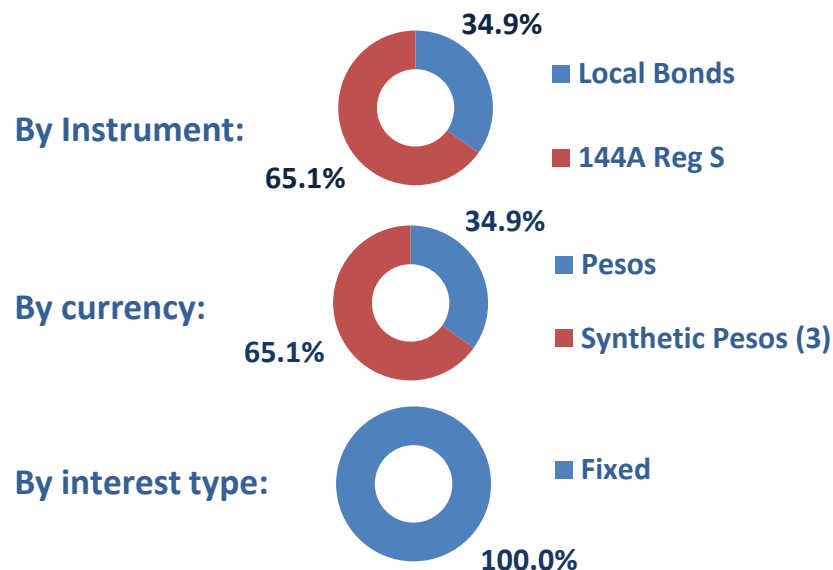
Million Pesos (as of Dec. 31st 2018)

Total Debt: Mx\$30,533.7

(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

4Q2018 Income Statement

	4Q18	4Q17	VAR %	2018	2017	VAR %
Commercial Income	44,026.1	40,746.0	8.1	120,276.2	108,583.1	10.8
Leasing Income	928.9	771.2	20.5	3,472.4	3,104.2	11.9
Interest Income	3,439.6	3,029.1	13.6	11,786.1	10,480.9	12.5
Total Income	48,394.6	44,546.3	8.6	135,534.8	122,168.3	10.9
COGS	(29,645)	(27,247)	8.8	(81,621)	(73,387)	11.2
Commercial Gross Profit	14,381.5	13,498.0	6.4	38,655.4	35,195.7	9.8
Commercial Margin	32.7%	33.1%	-0.5 p.p.	32.1%	32.4%	-0.3 p.p.
Net Gross Profit	18,750.0	17,298.9	8.4	53,913.9	48,780.8	10.5
Gross Margin	38.7%	38.8%	-0.1 p.p.	39.8%	39.9%	-0.2 p.p.
Operating expenses without depreciation, overdue accounts and one time provisions	(8,654.8)	(8,263.8)	4.7	(29,871.9)	(27,064.5)	10.4
Provisions for overdue accounts	(555.2)	(553.6)	0.3	(3,355.4)	(3,081.0)	8.9
One time provisions	(250.0)	(98.5)	153.8	(450.0)	(284.8)	58.0
EBITDA Expenses	(9,460.0)	(8,916.0)	6.1	(33,677.2)	(30,430.3)	10.7
Depreciation & Amortization	(880.3)	(812.7)	8.3	(3,311.3)	(3,118.8)	6.2
Net Operating Expenses	(10,340.3)	(9,728.6)	6.3	(36,988.5)	(33,549.1)	10.3
Consolidated Operating Income	8,409.7	7,570.2	11.1	16,925.4	15,231.7	11.1
Consolidated EBITDA	9,290.0	8,382.9	10.8	20,236.6	18,350.5	10.3
Consolidated EBITDA Margin	19.2%	18.8%	0.4 p.p.	14.9%	15.0%	-0.1 p.p.
Financing expense	(458.9)	(558.9)	- 17.9	(1,866.8)	(2,097.1)	- 11.0
Foreign exchange gain	64.0	18.7	242.5	65.5	(886.9)	107.4
Profit before income tax	8,014.8	7,030.0	14.0	15,124.1	12,247.6	23.5
Income Tax	(2,135.1)	(1,602.5)	33.2	(4,038.5)	(2,989.3)	35.1
Effective Rate	26.6%	22.8%		26.7%	24.4%	
Net Income before Investment in Associates	5,879.7	5,427.4	8.3	11,085.6	9,258.3	19.7
Investment in Associates	196.9	208.5		626.5	628.0	
Net Income	6,076.6	5,636.0	7.8	11,712.1	9,886.3	18.5
Non-controlling Net Income	(0.3)	(0.2)	94.9	(7.7)	(0.6)	1,094.1
Controlling Net Income	6,076.3	5,635.8	7.8	11,704.3	9,885.7	18.4

4Q2018 Balance Sheet

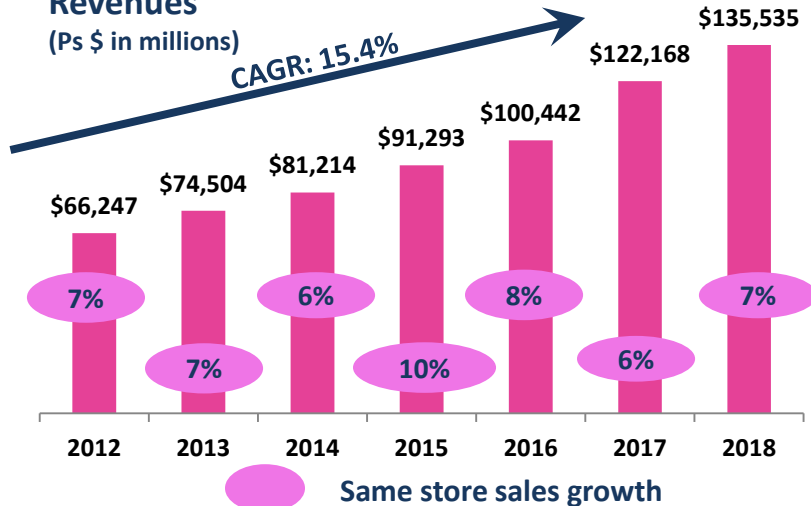
Million Pesos	Dec 18	Dec 17	Dif	% vs AA
Cash / cash equivalent	13,535	16,635	-3,100	-18.6%
Loan portfolio	36,878	35,059	1,819	5.2%
Inventories	20,673	18,486	2,187	11.8%
Investmen in associates	8,510	7,415	1,095	14.8%
Fixed assets	47,115	43,856	3,259	7.4%
Investment properties	20,668	18,922	1,746	9.2%
Other	27,876	27,893	-17	-0.1%
Total Assets	175,256	168,266	6,990	4.2%
Suppliers	23,694	22,536	1,159	5.1%
Short term loans	0	2,859	-2,859	-100.0%
Long termn loans	30,534	33,359	-2,825	-8.5%
Other liabilities	19,824	19,430	394	2.0%
Total Liabilities	74,052	78,184	- 4,132	-5.3%
Stockholders' equity	101,204	90,082	11,121	12.3%

Cash Flow

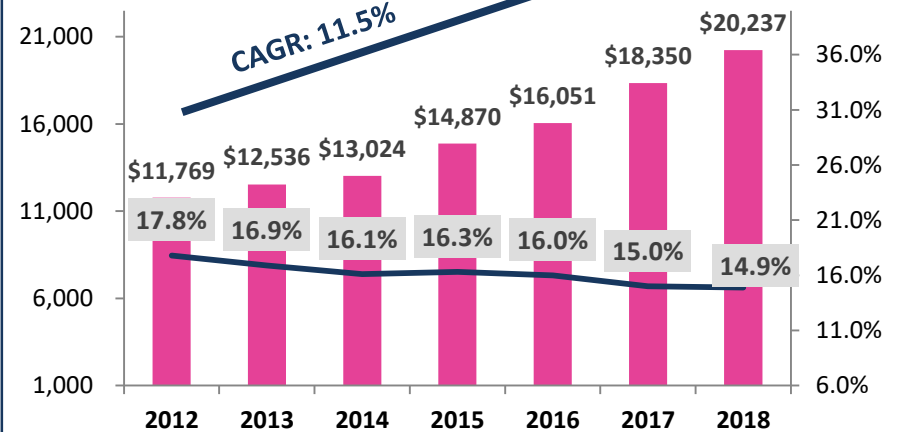
Million Pesos	2018	2017
Operating Income	16,925.4	15,231.7
Depreciation and amortization	3,311.3	3,118.8
EBITDA	20,236.6	18,350.5
Interests	(2,745.0)	(2,645.9)
Taxes	(3,704.2)	(4,438.2)
Working Capital	(2,794.8)	(634.0)
Other	1,460.0	1,017.5
Cashflow from operations	12,453.0	11,649.8
Capex	(8,592.0)	(8,417.8)
Cashflow before dividends	3,861.0	3,232.0
Dividends	(1,288.4)	(1,288.3)
Cashflow	2,572.0	1,943.7
Suburbia acquisition	-	(17,532.9)
Debt	(5,671.5)	6,650.0
Increase / (decrease)	(3,099.4)	(8,939.2)

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

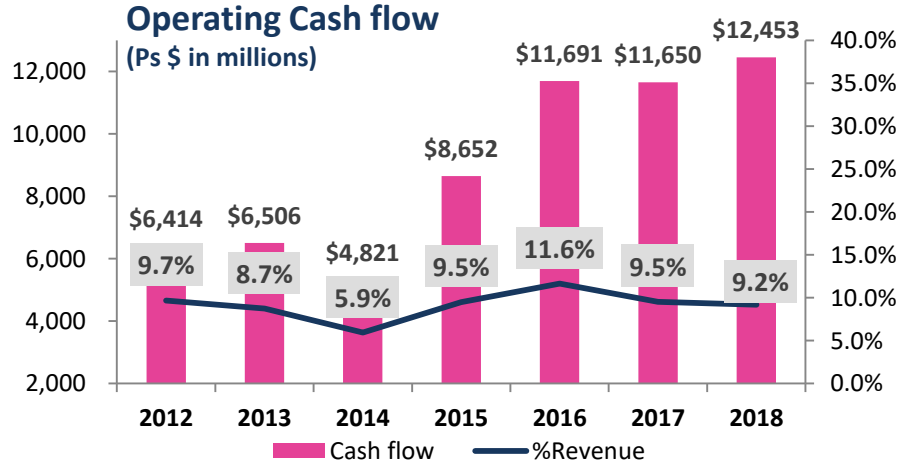
Revenues
(Ps \$ in millions)



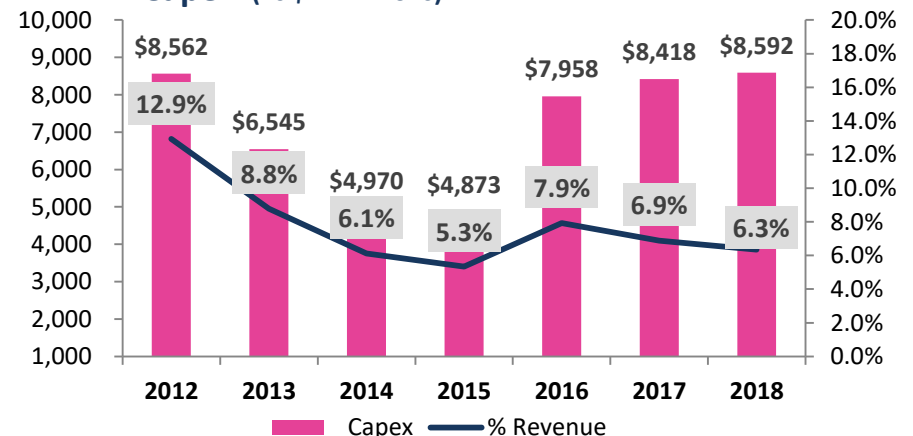
EBITDA and EBITDA margin
(Ps \$ in millions)



Operating Cash flow
(Ps \$ in millions)



Capex (Ps \$ in millions)



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⁾

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

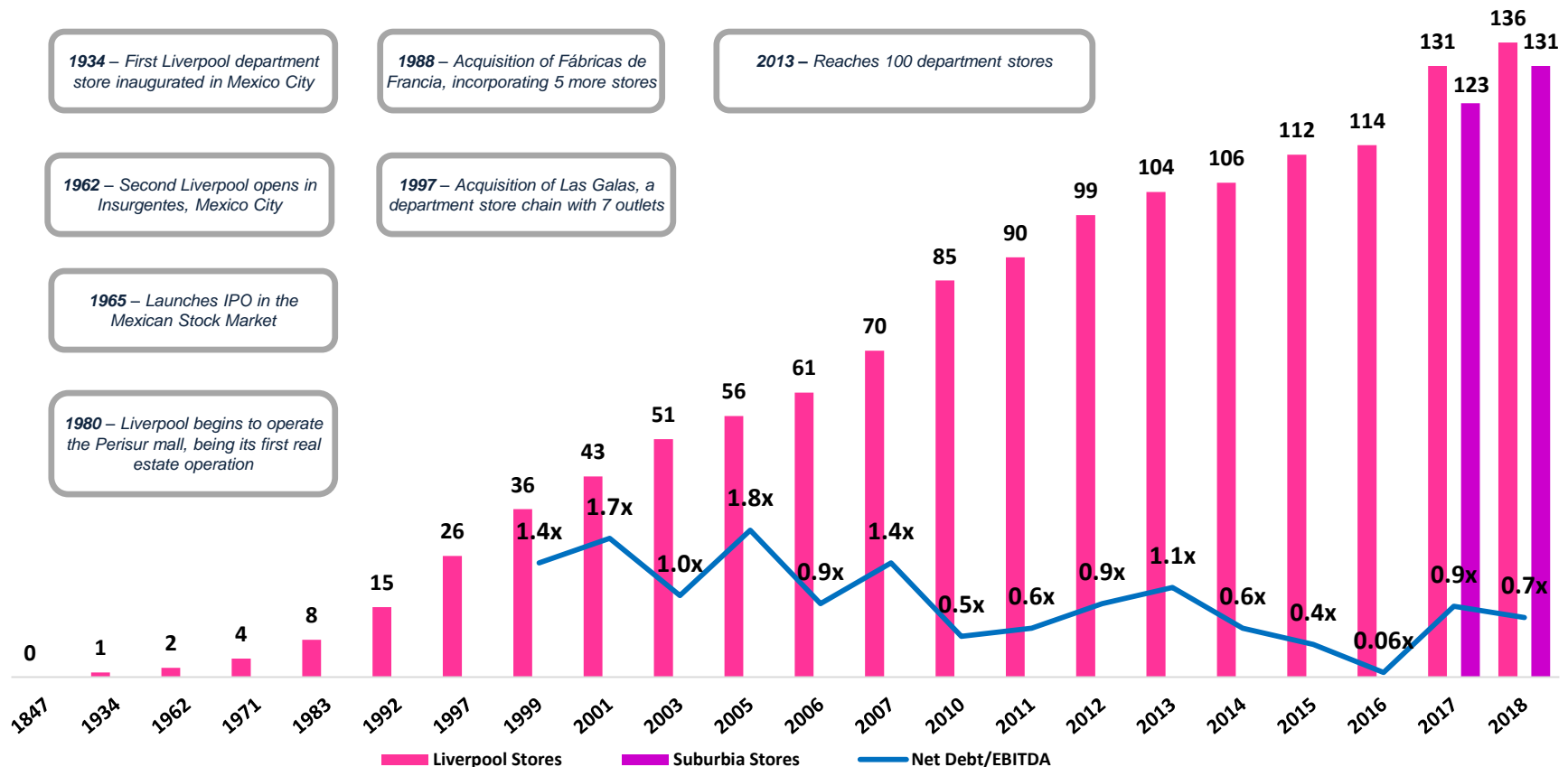
2013 – Reaches 100 department stores

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



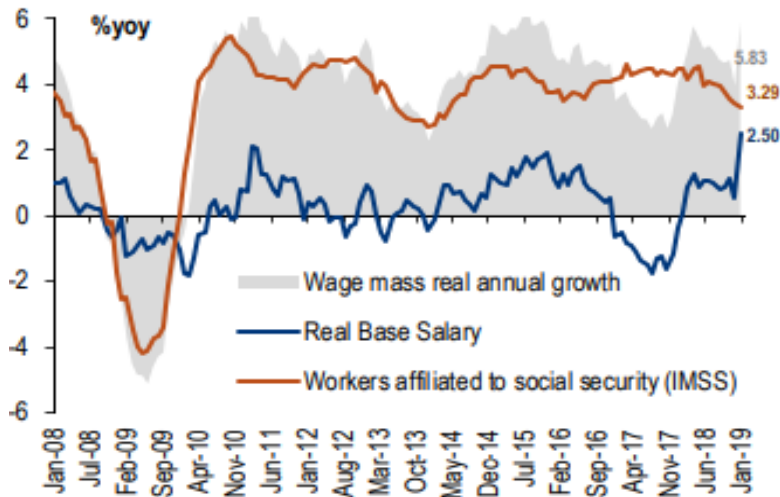
- Profitable growth and significant value creation through the development of a dense network of stores across Mexico and selected acquisitions

Source: Company website and annual reports.

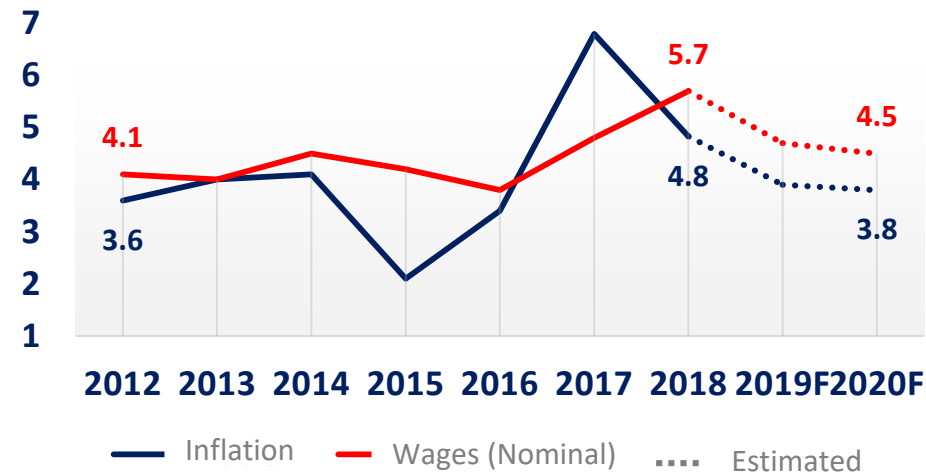
(1) Includes Liverpool and Fábricas de Francia formats. Does not include Suburbia

Mexico's key economic figures

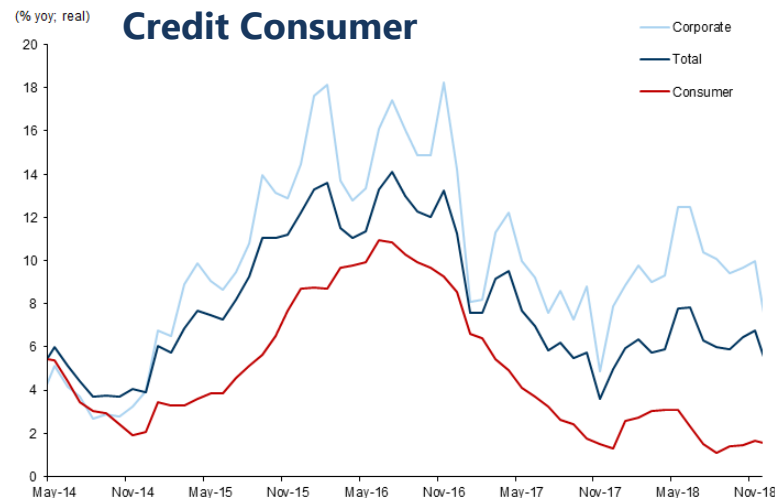
Employment



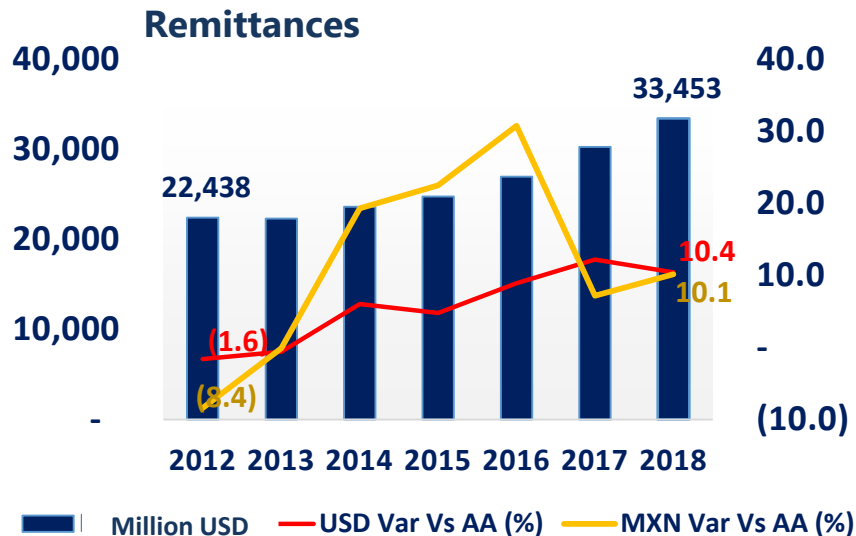
Annual Inflation (%) & Wages



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

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