EL PUERTO DE LIVERPOOL, S.A.B. DE C.V.

RESULTS OF OPERATIONS FOR THE FOURTH QUARTER OF 2016

Economic Environment

The Country continues to reflect a decline in certain primary macroeconomic variables related to consumption, inflation is on the rise; and the various indexes of consumer confidence present declining readings when compared to prior periods.

The Mexican peso/US dollar exchange rate continues to be highly volatile, exceeding Ps. 20/US dollar, ending the quarter at Ps. 20.62 per dollar. During this period, the average exchange rate suffered a devaluation of 18.4% in comparison with the same quarter of the prior year. The results of the elections in the United States, the price of the barrel of oil, and the situation of public finances in Mexico are the key factors in determining the value of our currency.

Accumulated inflation at December of 2016 was 3.36%, for an increase of 1.23 percentage points as compared to the prior year. The effects of the devaluation of the Mexican peso, as well as the increase in the prices of goods managed by the government, such as gasoline and electrical power, are the primary contributors to these results. The projections for the close of 2016 that had been considered at the end of the preceding quarter were surpassed by 39 base points. High inflation has had a negative effect on the purchasing power of Mexico's households.

The consumer confidence index as well as the trend in the purchase of durable goods both reflect a decline due to the uncertainty of the Country's economic future, along with the problems of insecurity.

On the other hand, consumer credit, the creation of formal employment and cash remittances continue to show positive growth.

Key Figures

The primary indicators of the statement of operations at the close of the fourth quarter are as follows (amounts in Mexican pesos):

	Quarter			YTD		
	4Q16	4Q15	Dif	2016	2015	Dif
Total revenue:	**35,305,723,000**	**32,619,685,000**	**8.2%**	**100,441,536,000**	**91,292,889,000**	**10.0%**
Commercial (includes services and other)	31,810,780,549	29,295,720,000	8.6%	87,897,130,000	79,242,312,000	10.9%
Interest	2,584,817,000	2,596,760,000	-0.5%	9,365,108,000	9,029,746,000	3.7%
Leasing	910,125,451	727,205,000	25.2%	3,179,298,000	3,020,831,000	5.2%
Cost of sales	21,371,156,000	19,722,206,000	8.4%	60,107,806,000	54,148,772,000	11.0%
Gross income	**13,934,567,000**	**12,897,479,000**	**8.0%**	**40,333,730,000**	**37,144,117,000**	**8.6%**
Gross margin	**39.5%**	**39.5%**	**(0.07)**	**40.2%**	**40.7%**	**(0.53)**
Operating expenses	7,647,515,000	6,777,569,000	12.8%	26,927,339,000	24,488,809,000	10.0%
Operating income	**6,287,052,000**	**6,119,910,000**	**2.7%**	**13,406,391,000**	**12,655,308,000**	**5.9%**
Net income	4,889,552,000	4,529,094,000	8.0%	10,191,128,000	9,210,729,000	10.6%
EBITDA	**7,097,541,000**	**6,683,550,000**	**6.2%**	**16,050,911,000**	**14,870,390,000**	**7.9%**
EBITDA margin	**20.1%**	**20.5%**	**(0.39)**	**16.0%**	**16.3%**	**(0.31)**
Customer's portfolio	**32,436,849,000**	**30,744,142,000**	**5.5%**			
Same-store growth	**5.8%**	**11.5%**	**-5.7 p.p.**	**7.6%**	**9.8%**	**-2.2 p.p.**

RESULTS OF OPERATIONS

Sale of goods and services

Liverpool's total commercial income increased by 8.6% during the quarter, while same-store sales increased by 5.8%. As we had anticipated, the second half of the year reflects a difficult basis of comparison, in view of the good results obtained in 2015. Accumulated sales for the year show an increase of 10.9%, while same-store sales reflect an increase of 7.6%.

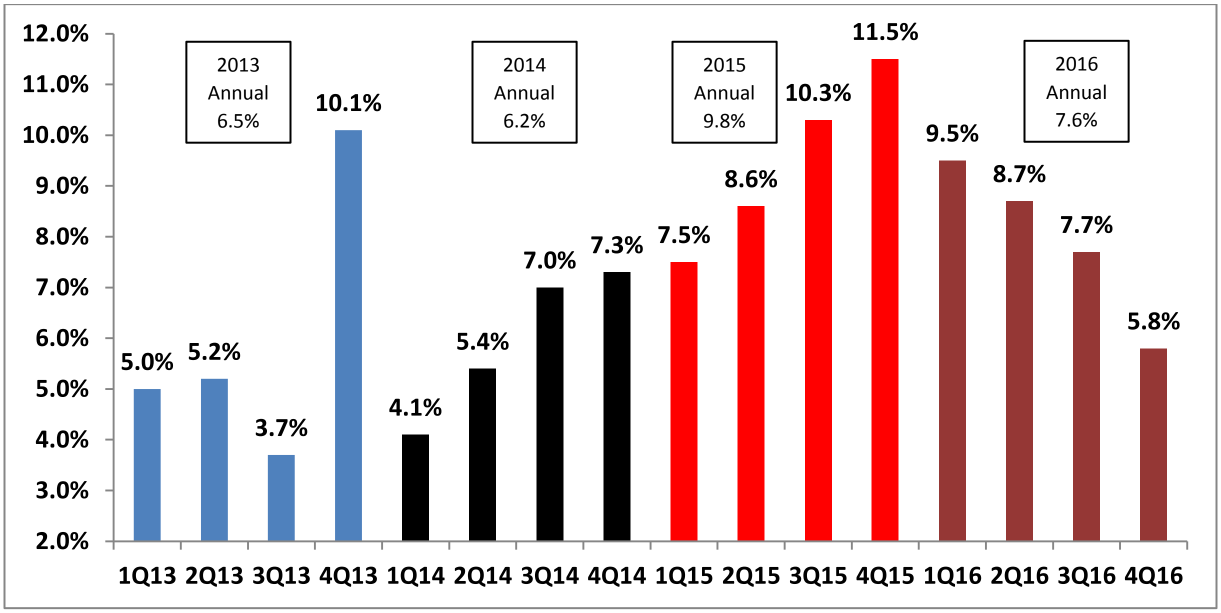
The average sales slip explains all of the results of the same-store sales. The increase in pesos, derived from the devaluation, as well as the trend in the composition of the sales towards durable goods, account for this situation.

The figures published by the ANTAD (National Association of Self-service and Department Stores) at December 31, 2016 reflected same-store growth of 6.3% in nominal terms. Specifically, department stores associated with the ANTAD recorded same-store growth of 7.0%.

All of our product categories reflect close-to-average growth. Furniture, appliances, multimedia, cosmetics and sporting goods continue to reflect the best performance.

By geographic region, the northern, western and "Bajío" (mid territory) and the Mexico City metropolitan area, all stand out for their expansion, while the southwestern part of the Country continues to feel the effects of the slow-down of the oil industry.

Sales and Same-store Growth



The accumulated growth in the virtual channel sales platform has been 61.4% in comparison with the same period of 2015, thereby contributing 2.8% of the retail sales. These results reflect the value proposal that Liverpool offers its clients, such as: improvements in tracking orders and available inventories by site on our web page, the assortment of brands, the guarantee of satisfaction, and free home delivery throughout the entire Country.

Interest

During the quarter, income in the credit division decreased by 0.5% in comparison with the same period in the prior year; accumulated growth reported is 3.7%, while the trade portfolio increased by 5.5% compared with the prior year. Consumer preference for direct discounts and shorter installments, as well as the payment of balances in full on their due date account for these results.

Leasing

Leasing income presents a quarterly improvement of 25.2% year to year. Half of this improvement is the result of the leasing rights received for the upcoming opening of Galerías Tlaxcala, increased commercial offering at Perisur and Galerías Monterrey shopping malls and the sale of two pieces of land. The second half is related to the cancellation of previously created reserves.

Growth of 5.2% is reported at the accumulated level, considering the leasing rights received in 2015 in Perisur and for the new Puebla Serdán and Toluca shopping malls.

Occupancy levels in the shopping malls remain steady, at approximately 96%.

Cost of Sales and Gross Margin

Cost of goods sold increased by 8.4% during the quarter, and by 11.0% for the year.

Commercial Margin

In spite of the effects of the devaluation, the Commercial margin for 4Q16 reflects an improvement of 71 base points. At the cumulative level, we have been able to offset the effects of the non-recurring commercial agreements, as well as of the Winter Sale that required additional reductions both in 1Q15. The following chart summarizes the make-up of the commercial margin:

	QUARTER			CUMULATIVE		
	4Q16	4Q15	DIF %	2016	2015	DIF %
Commercial sales	31,712,180,000	28,959,087,000	9.5%	87,463,880,000	78,547,671,000	11.4%
Cost of goods sold	21,371,156,000	19,722,206,000	8.4%	60,107,806,000	54,148,772,000	11.0%
Commercial margin	**32.6%**	**31.9%**	**0.71**	**31.3%**	**31.1%**	**0.21**

Total Gross Margin

The total gross margin reflects a total reduction of 7 base points during the quarter, and of 53 base points during the year, derived from a lower contribution of real estate and credit income.

	QUARTER			CUMMULATIVE		
As % of total income	4Q16	4Q15	VAR bps	2016	2015	VAR bps
Commercial	90.1%	89.8%	0.29	87.5%	86.8%	0.71
Interests	7.3%	8.0%	- 0.64	9.3%	9.9%	- 0.57
Leasing	2.6%	2.2%	0.35	3.2%	3.3%	- 0.14

Operating Expenses

Operating expenses increased by 12.8% during the quarter, and by 10.0% during the year. The main factors behind these results are: a) expenses related to new stores and boutiques; b) stores and shopping malls' remodeling primarily in Perisur, Galerías Monterrey and Plaza Satélite; c) the increase in the provision for bad debts, reflecting growing levels of the overdue portfolio; d) the strategic Omnicanal initiative; e) the impact of the devaluation of the Mexican pesos versus the U.S. dollar, especially in information technology expenses, and; f) the creation of the provisions necessary for the restructuring of the boutiques business.

Operating Income

At the close of the fourth quarter of the year, operating income amounted to Ps. 6,287 million, representing a growth of 2.7% in comparison to the same period in 2015. The results for the year 2016 in this caption are Ps. 13,406 million, with a growth of 5.9% with respect to 2015.

EBITDA

The EBITDA at the cumulative level amounted to Ps. 16,051 million, which is 7.9% greater than the EBITDA generated in 2015. The margin in this caption was 16.0%, which is a 31 basis point contraction in comparison to the prior year.

Financing Expenses and Income

Interest expense had an expansion as a consequence of the increased debt level. However a net gain is being reported related to the exchange gains that compensated the mentioned increased interests. Net financial income for the quarter was Ps. 256 million, which was Ps. 440 million higher compared to the expenses incurred in the prior year. During the year 2016, net expenses reached Ps. 258.9 million, which was Ps. 619.5 million less than in 2015.

The aforementioned is due primarily to the fact that in the period reported, an exchange gain of Ps. 696 million was obtained as a result of the temporary investments in foreign currency, while in the same period of the prior year, an exchange loss of Ps. 5.7 million was reported. At the cumulative level and as a relevant point, an exchange gain of Ps. 749.8 million was reported during 2016, in comparison to an exchange loss of Ps. 167.5 million for the year 2015.

In perspective, the average Exchange rate for this quarter was Ps. 19.83/USD, closing at Ps. 20.62/USD on December 31.

	QUARTER			CUMULATIVE		
Net Financial Income/(Expense)	**4Q16**	**4Q15**	**Effect**	**2016**	**2015**	**Effect**
Interest	(439,309,000)	(177,898,000)	(261,411,000)	(1,008,799,000)	(711,000,000)	(297,799,000)
Exchange Effect	696,131,000	(5,681,000)	701,812,000	749,801,000	(167,534,000)	917,335,000
Total Financial Income/(Expenses)	**256,822,000**	**(183,579,000)**	**440,401,000**	**(258,998,000)**	**(878,534,000)**	**619,536,000**

Share in Results of Associated Companies and Joint Ventures

An increase of 1.5% was recorded in the quarter under review in this report. At the cumulative level, this caption reports an increase of 2.3% versus the prior year, reaching Ps. 715.7 million.

Taxes

During the year, taxes payable increased by 14.1% in comparison with the prior year. Total net income tax for 2016 reached Ps. 3,673.5 million pesos, for a final increase of 12.6% versus year ago. The effective tax rate for 2016 was 26.5%, 0.3 percentile points above 2015 rate.

	2016	2015	Dif %
Income Tax	4,161,335,000	3,648,242,000	14.1%
Deferred Tax	(487,875,000)	(385,077,000)	26.7%
Net Income Tax	**3,673,460,000**	**3,263,165,000**	**12.6%**
Effective Tax Rate	**26.5%**	**26.2%**	**0.3 pps**

Net Income

The controlling net income at the close of the second quarter was 8.0% higher than that obtained during the same period in 2015, for a total of Ps. 4,889 million. At the cumulative level, Ps. 10,191 million are obtained, representing an increase of 10.6% in comparison to the same period of the previous year.

BALANCE SHEET

Cash and Short-term Investments

The balance of this account at December 31, 2016 was Ps. 25,574 million, reflecting an increase of Ps. 16,991 million in comparison with the same date the prior year. This is due primarily to the resources obtained from the LIVEPOL26 placement and to the conservative rhythm of the growth of the credit portfolio. Of this balance, 47.5% is currently invested in foreign currency (primarily US dollars) so as to cover the potential investment in Ripley, merchandise in transit and the accounts payable in foreign currency.

Balance of cash and equivalents (thousands)	Dec 31st, 2016	% of Total	Notes
Amount in Pesos	**13,414,945**	52.5%	
Amount in Foreign Currency	**12,159,285**	47.5%	
Estimated provision for Ripley investment	10,310,000		(USD 500,000)
Merchandise in transit coverage and accounts payable in foreign currency	1,849,285		(USD 89,684)
Total Cash and Cash Equivalents	**25,574,230**	**100.0%**	

Clients

At the close of 2016, the trade portfolio net of reserves amounted to Ps. 32,437 million, which represents an increase of 5.5% with respect to the amount recorded at the same date the prior year.

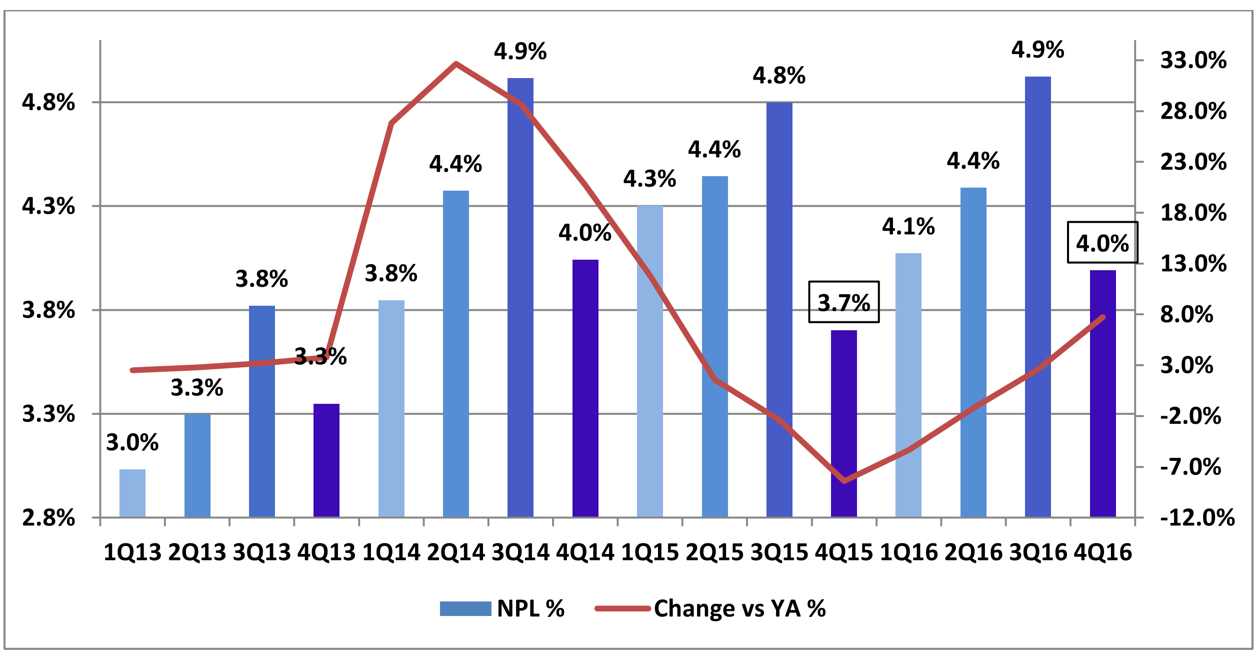
At the cumulative level, Liverpool's credit cards account for 45.2% of total sales, as compared to 45.6% for the same period of the prior year.

Accumulated reserves for the overdue portfolio at December 31, 2016 are made up as follows:

Pesos	Dec 16	Dec 15	Dif %
Initial balance of reserve:	2,219,573,000	2,216,049,000	0.2%
(+) New reserves:	2,337,689,000	1,959,834,000	19.3%
(-) Write off:	(2,041,119,000)	(1,956,310,000)	4.3%
Ending balance of reserve	2,516,143,000	2,219,573,000	13.4%

The portfolio overdue by more than 90 days was 4.0% of the total portfolio, reporting results 30 base points higher than those at the close of the fourth quarter of 2015.

<u>Accounts overdue by more than 90 days (%) and rate of growth vs. the prior year</u>



Inventories and Accounts Payable

Inventories amounted to Ps. 16,127 million at the end of the quarter, which was 16.4% above the amount recorded the prior year. This increase reflects the contribution of the new stores and the effect of the devaluation of the Mexican peso.

With regards to the accounts payable to suppliers, the balance at the close of the quarter reflects an increase of 25.6% compared to the same quarter of the prior year, reaching Ps. 19,107 million.

Cost-bearing Debt and Cash Flow

The cost-bearing debt is made up as follows:

Pesos	Dec 16	Dec 15	Dif %
Cost bearing debt	(30,571,826,000)	(14,096,066,000)	116.9%
Financial derivative instruments acquired for hedging purposes	3,996,453,000	1,414,484,000	182.5%
TOTAL	(26,575,373,000)	(12,681,582,000)	109.6%

It should be noted that 100% of the debt denominated in dollars (US$ 1,050 million) is covered by a cross-currency swap that includes principal and interests.

The gross and net EBITDA leverage ratio at the close of the quarter is 1.6 times and 0.06 times, respectively. Both ratios have been calculated considering the effect of valuation of financial derivative hedging instruments shown in the preceding chart, at market prices.

During the quarter, the Company negotiated a syndicated loan for Ps. 10,000 million, at a variable interest rate TIIE + 85 bps. The drawdown term is twelve months and at date, no transaction whatsoever has been made.

Cash flow from operating activities corresponding to 2016 was Ps. 12,326 million, this is 34.3% higher than the Ps 9,176 million generated in 2015.

Dividends

During this quarter the Group paid the second installment of the dividend approved during the stockholders' meeting held on March the 3rd, 2016 equivalent to a total amount of Ps. 510 million. A total of Ps. 1,289 million were paid during the year representing 14% of the 2015 net profit.

Investments in Capital Projects

At December 31, 2016, the investment in capital projects amounted to Ps. 7,958 million. Of this amount, 80% is related to expansion and remodeling projects.

Expansion and Recent Events

The expansion and remodeling work on the Liverpool Perisur flagship store, the Monterrey Galerías store, and the Perisur, Atizapan, Merida, Satelite y Monterrey Shopping Centers continues.

The plan for openings in 2016 set a new record for the Group:

Liverpool Stores:

1. La Fe, Monterrey (inaugurated on March 8, 2016)
2. Zamora, Michoacan (inaugurated on September 14, 2016)
3. Tampico Altama, Tamaulipas (inaugurated on September 20, 2016)
4. Hermosillo, Sonora (inaugurated on November 10, 2016)

Fábricas de Francia Stores:

1. Los Mochis, Sinaloa (inaugurated on September 1, 2016)
2. Tecamac, Estado de México (inaugurated on October 20, 2016)
3. Nicolas Romero, State of Mexico (inaugurated on October 25, 2016)
4. Uriangato, Guanajuato (inaugurated on November 1, 2016)
5. Tijuana, Baja California Norte (inaugurated on November 8, 2016)
6. Tuxtepec, Oaxaca (inaugurated on November 15, 2016)

The total number of additional square meters represented 5.9% of additional space.

Regal Forest / Grupo Unicomer

As of February 15, 2017, the company Regal Forest Holding Co. Ltd., in which Liverpool is a shareholder with a 50% stake, changed its name to Grupo Unicomer Co. Ltd.

Ripley

At the date of this report, we are awaiting authorization of the transaction by the Security and Exchange Commission in Chile.

Suburbia

At the date of this report, we are awaiting approval of the transaction from the Mexican Federal Fair Trade Commission (Spanish acronym, COFECE).

Analysts' Coverage

In compliance with the Mexican Securities Act, the Company hereby discloses the list of Institutions and Financial Groups that analyze its financial and operative performance, as follows:

Actinver	BTG Pactual	Interacciones	Scotiabank
Bank of America Merrill Lynch	Credit Suisse	Intercam	Ve por más
Banorte IXE	Deutsche Bank	Itaú BBA	Vector
Barclays	GBM	Morgan Stanley	
BBVA Bancomer	HSBC	Santander	

Company Profile:

El Puerto de Liverpool, S.A.B. de C.V.: (at December 31, 2016)

Stores:		
Liverpool	83	1,377,943 m2
Fábricas de Francia	35	238,999 m2
Total Stores:	**118**	**1,616,942 m2**
Shopping Malls:	25	471,075 m2
Duty Free	4	4,925 m2
Boutiques:	127	70,952 m2

Credit Card

Number of Cards	4Q 2016	4Q 2015	% Dif
Liverpool Cards	4,364,874	3,954,716	10.4%

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