LIVEPOL

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

RESULTS OF OPERATIONS FOR THE THIRD QUARTER OF 2017

Highlights

- Although the average exchange rate for the quarter showed the peso to be 4.9% stronger than in the same period of last year, in the last week of September and the first half of October the Mexican currency weakened by almost 6%.

- Most consumption-related macroeconomic indicators remained positive, such as job creation, total payroll, consumer credit and remittances; but inflation continues to rise, reaching a 12-month rate of 6.35% at the close of September.

- Meanwhile, the consumer confidence index recouped its steep losses in January, reaching its highest level since June 2016 with a growth of 6.1% compared to September 2016.

- Total revenues for the quarter following the integration of Suburbia grew 24.4%. Total sales in the year to date are up 19.2%.

- Same-store sales grew 5.1% year to date, and 5.2% excluding Suburbia.

- Following the earthquake on September 19, for the safety of our customers, employees and vendors, some stores and shopping centers remained closed pending the necessary inspections. This had a combined impact of Ps. 180 million on store sales. The Liverpool and Suburbia stores in the Villa Coapa area of Mexico City, along with the Galerías Coapa shopping center, will remain closed until the necessary repairs are carried out; we want to stress that none of our locations suffered structural damage.

- Liverpool booked Ps. 186 million in provisions to cover the various expenses related to reparation of the damage from the earthquakes.

- The gross margin was 50bp lower than in 3Q16, while in the year to date it stands unchanged from its year-earlier level.

- The EBITDA margin was 10.8% in 3Q17, down 189bp against the same quarter of last year, in which the earthquake expense provision accounted for 69pb of the decline. In the year to date, the margin is 12.8%, down 90pb. The 12-month EBITDA margin was 15.1% at the end of the quarter.

- Net profit for the quarter fell 21.3% and year-to-date net profit is off by 19.8%. Stripping out exchange-rate effects in the first quarter, the decline in the year to date would be 7.11%.

- We are continuing with the incorporation plan for Suburbia. Human resources processes, including payroll, are now integrated. To date we have spent Ps. 147 million in one-off integration expenses, Ps. 5.3 million of which were paid out in this past quarter.

- This year, the company expects to complete a record year for openings, with a total of eleven new department stores opening their doors: four Liverpool, all of them already opened, and seven Fábricas de Francia, four of which are already open. We have already opened the Galerías Tlaxcala shopping center.

Economic Environment

The peso had advanced 17.1% as of September 30, closing at 18.16 per dollar, compared to its weakest point of Ps. 21.90 per dollar reached in January of this year. The average exchange rate for the quarter shows a revaluation of 4.9% compared to the same period of last year. In the year to date, the average devaluation has been 3.1% compared to the same period of 2016. In the last three weeks, the peso has depreciated by a further 6% against the average for the quarter reported.

Once again, formal job creation, payroll, remittances and consumer lending all moved higher in the period.

Inflation expectations for 2017 have shifted upward to 6.3%, reflecting an estimated 2.9 ppt increase over last year's 3.36% inflation rate. The initial effects of the peso's devaluation, as well as a rise in the price of commodities controlled by the government, such as gasoline and electrical energy, were the main factors in the rise in inflation, which had a negative impact on household purchasing power.

At the close of September, consumer confidence had improved by 6.1% over the same month of the previous year. Durable goods purchase intentions stood 9.4% higher than in September 2016.

Key figures

The following are the key figures presented in our income statement as of the close of the third quarter:

Pesos - Thousands	QUARTER			YTD		
	3Q17	3Q16	Dif.	2017	2016	Dif.
Total revenue:	**27,067,465**	**21,767,114**	**24.4%**	**77,621,998**	**65,135,814**	**19.2%**
Retail (includes services and other)	23,750,866	18,774,065	26.5%	67,837,179	56,116,253	20.9%
Interest	2,529,231	2,235,688	13.1%	7,451,837	6,765,340	10.1%
Leasing	787,368	757,361	4.0%	2,332,982	2,254,221	3.5%
Cost of goods sold	16,371,626	13,057,365	25.4%	46,140,061	38,736,650	19.1%
Gross income	**10,695,839**	**8,709,749**	**22.8%**	**31,481,937**	**26,399,164**	**19.3%**
Gross margin	**39.5%**	**40.0%**	**(0.50)**	**40.6%**	**40.5%**	**0.03**
Operating expenses	8,613,545	6,548,438	31.5%	23,820,464	19,279,824	23.6%
Operating income	**2,082,294**	**2,161,311**	**-3.7%**	**7,661,473**	**7,119,340**	**7.6%**
Net income	1,257,932	1,597,772	-21.3%	4,249,687	5,301,577	-19.8%
EBITDA	**2,913,211**	**2,753,806**	**5.8%**	**9,967,573**	**8,953,371**	**11.3%**
EBITDA margin	**10.8%**	**12.7%**	**(1.89)**	**12.8%**	**13.7%**	**(0.90)**
Customer portfolio	**29,293,242**	**27,427,226**	**6.8%**			
Same-store sales growth	**5.1%**	**7.7%**	**-2.6 p.p.**	**5.2%**	**7.6%**	**-2.4 p.p.**

RESULTS

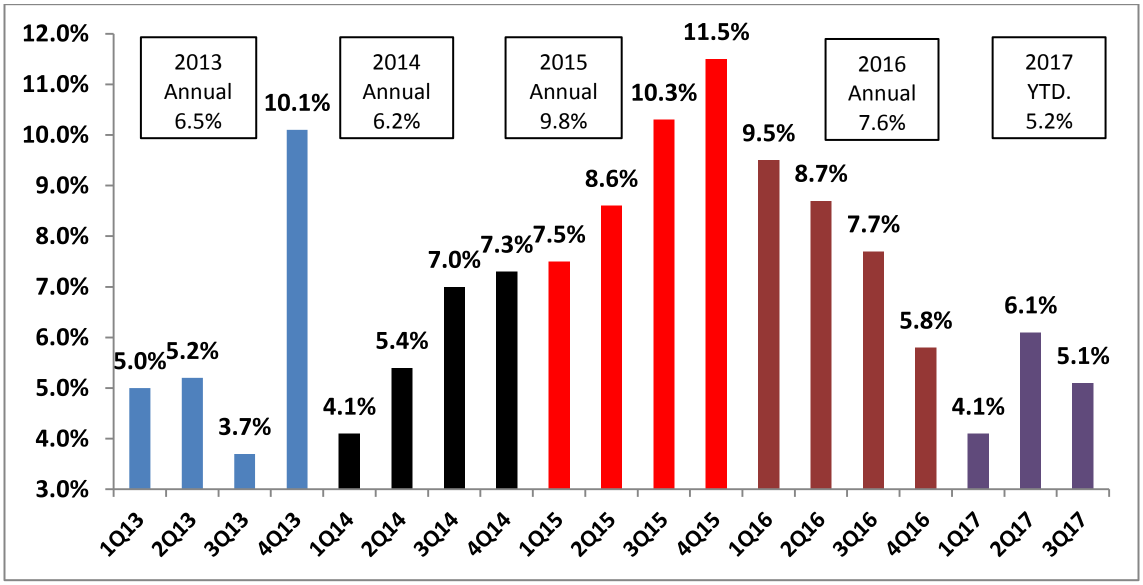
Sales of goods and services

Following the incorporation of Suburbia, total retail revenue in the third quarter grew 26.5%, and in the first six months of the year advanced 20.9%.

	3Q2017		YTD	
Pesos Thousands	**MPs**	**Dif.**	**MPs**	**Dif.**
Organic growth	20,465,938	9.0%	61,156,867	9.0%
Suburbia	3,284,928	n/a	6,680,312	n/a
Total	**23,750,866**	**26.5%**	**67,837,179**	**20.9%**

Same-store sales were up 5.1% for the quarter and 5.2% in cumulative terms. For the purposes of perspective, same-store sales for Suburbia (not included in this indicator) rose 3.2% in the quarter and 3.0% in the year to date.

Same-Store Sales Growth



The average ticket in the first nine months of the year expanded by 6.5%, while traffic ebbed by 1.3%. This was the result of inflationary pressures observed throughout the year. In the third quarter, however, traffic picked up, gradually returning to its year-earlier levels.

Figures published by ANTAD (the Spanish acronym for the Mexican Association of Supermarkets and Department Stores) as of September 30, 2017 indicate a 4.7% increase in same-store sales. Specifically, department stores affiliated with that Association report a 3.6% increase in same-store sales.

Broken down by category, above-average performance was seen in Accessories, Bed & Bath, and the new Geek Zone. Also, spurred by the back-to-school season: Eyewear and Sports Shoes. The less robust departments were Furniture, Televisions, Computers and Clothing.

By geographic region, sales in northwestern, west-central, west and central regions saw the strongest expansion, while those of the Gulf region continue to feel the impact of the oil industry slowdown.

Year-to-date growth in the e-commerce channel was 48.9% compared to the first nine months of 2016, and this category accounted for 3.4% of retail revenue.

Interest Income and Customer Portfolio

In the third quarter of 2017, revenues in our credit division increased 13.1% over the same period of last year, and in the first nine months of the year grew 10.1%. The customer portfolio expanded by 6.8% compared to last year. This reflects the growth of the performing credit portfolio (fewer interest-free installment sales and shorter terms) and a 2-point increase in the interest rate starting in April.

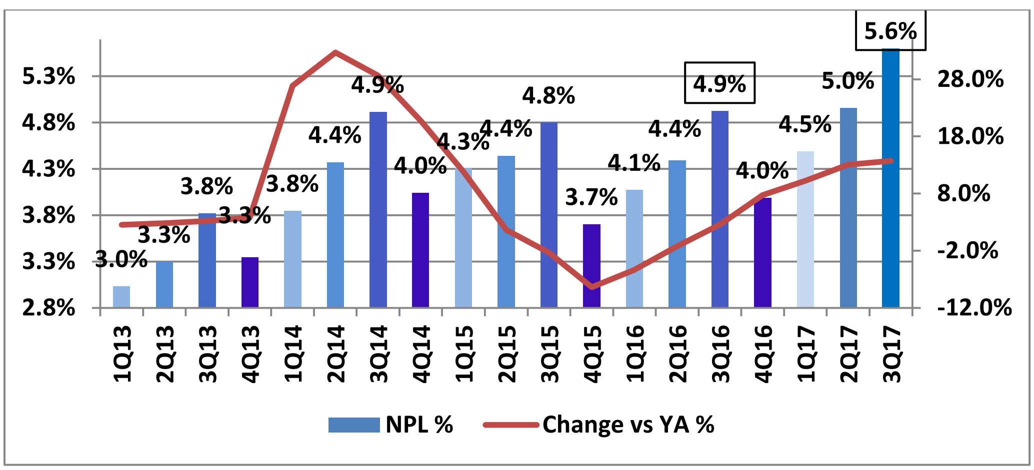
As of the third quarter of 2017, the customer portfolio, net of reserves, totaled Ps. 29.293 billion.

Purchases made with Liverpool credit cards accounted for 46.3% of total sales, which is 70pb higher than in the same period of last year.

Credit payments more than 90 days past due reached 5.6% of the total portfolio in 3Q17, 70bp higher than at the close of the third quarter of 2016. Measures continue to be taken in new account openings, portfolio administration and collections, in order to contain the rise in past-due accounts.

Note that after the September earthquakes we have detected a drop in customers payments from the affected zones.

Accounts more than 90 days past due (%) and growth rate vs. the prior year



Accumulated past-due account reserves as of September 30 were as follows:

(Pesos Thousands)	Sep 17	Sep 16	Dif %
Initial balance of reserve:	2,516,143	2,219,573	13.4%
(+) New reserves:	2,527,404	1,922,124	31.5%
(-) Write off:	(1,725,631)	(1,447,432)	19.2%
Ending balance of reserve	3,317,916	2,694,265	23.1%

Leasing

Quarterly leasing revenues saw a 4.0% year-over-year improvement, while for the first nine months of the year they improved 3.5%. The effect of the change in the accounting treatment on occupancy rights, now deferred according to the contract's duration, had a negative impact of 2 percentage points on the accumulated results. Occupancy levels in the shopping centers remained at around 97%. On September 12th, we opened our 26th shopping center, Galerías Tlaxcala, which started up operations with an occupancy rate of 81%.

Cost of Goods Sold and Gross Margin

The cost of goods sold rose 25.4% in the quarter, and 19.1% in the year to date. Both of these figures reflect the integration of Suburbia.

Retail Margin

The retail margin both for 3Q17 reflects an improvement of 30bp, and for the first nine months of the year is 76pb stronger, despite the impact of the peso's devaluation. This can be attributed to price increases, a healthy inventory position and less of a need for discounts, as well as the incorporation of Suburbia, which contributed 78bp of that improvement in the quarter, and 43bp of the accumulated increase. Note that for calendar reasons, on day our Nighttime Sale fell in September this year, when the event fell in October in 2016.

(Pesos Thousands)	QUARTER			CUMULATIVE		
	3Q17	3Q16	DIF %	2017	2016	DIF %
Retail	23,524,521	18,682,106	25.9%	67,139,016	55,751,700	20.4%
Cost of goods sold	16,371,626	13,057,365	25.4%	46,140,061	38,736,650	19.1%
Retail margin	**30.4%**	**30.1%**	**0.30**	**31.3%**	**30.5%**	**0.76**

Total Gross Margin

This margin shrank by 50bp in the quarter, due to a change in the mix of business lines. With the incorporation of Suburbia, the Retail Division accounted for almost 88% of total revenues, 1.5 percentage points higher than last year.

	QUARTER			CUMMULATIVE		
As % of total income	3Q17	3Q16	VAR	2016	2015	VAR
Retail	87.7%	86.2%	1.50	87.4%	86.2%	1.24
Interest	9.3%	10.3%	- 0.93	9.6%	10.4%	- 0.79
Leasing	2.9%	3.5%	- 0.57	3.0%	3.5%	- 0.46

Operating Expenses

Operating expenses grew 31.5% in the quarter, and 23.6% in the first three quarters of the year. The main factors behind the result excluding Suburbia were: a) operating expenses at Suburbia; b) new stores and boutiques; c) provisions for uncollectable accounts; d) reserve for the payment of deductibles and damages related to the September 19 earthquake totaling Ps. 186 million; e) the Omnichannel strategic initiative; and f) a rise in electrical rates. Also, the year-to-date figures reflect one-time expenses (investment bankers, auditors and legal counsel) related to the Suburbia acquisition and project with Ripley (Ps. 168 million in total).

EBITDA

Third-quarter EBITDA came to Ps. 2.91 billion, 5.8% higher than in the same quarter of 2016. Suburbia contributed Ps. 294 million of this. Quarterly EBITDA excluding Suburbia sank 4.9% year-over-year. In the year to date, however, it totaled Ps. 9.97 billion, an 11.3% increase compared to the first nine months of 2016.

The EBITDA margin was 10.8% for the third quarter and 12.8% for the first three quarters of the year, down 189bp and 90bp against the respective year-earlier periods.

The 12-month EBITDA margin reached 15.1%, a 90bp erosion in the year; excluding Suburbia this margin was 15.5%, 50bp lower than the year before.

The breakdown of the effects of Suburbia's incorporation on EBITDA and the EBITDA margin, excluding the extraordinary expenses mentioned above, is shown below:

EBITDA	3Q2017			YTD			Last 12 months		
Pesos - Thousands	MPs	Dif.	Margin	MPs	Dif.	Margin	MPs	Dif.	Margin
Organic growth	2,618,944	-4.9%	11.0%	9,352,534	4.5%	13.2%	16,450,075	5.2%	15.5%
Suburbia	294,267	n/a	9.0%	615,039	n/a	9.2%	615,039	n/a	9.2%
Total	**2,913,211**	**5.8%**	**10.8%**	**9,967,573**	**11.3%**	**12.8%**	**17,065,114**	**9.1%**	**15.1%**

EBITDA MARGIN COMPARISON

EBITDA	3Q2017			YTD			Last 12 mos.		
	2017	2016	Dif	2017	2016	Dif	2017	2016	Dif
Organic growth	11.0%	12.7%	(169) bp	13.2%	13.7%	(52) bp	15.5%	16.0%	(50) bp
Suburbia	9.0%	n/a	0 bp	9.2%	n/a	0 bp	9.2%	0.0%	0 bp
Total	**10.8%**	**12.7%**	(194) bp	**12.8%**	**13.7%**	(90) bp	**15.1%**	**16.0%**	(90) bp

EXCLUDING ONE-OFF EXPENSES:

EBITDA	3Q2017			YTD			Last 12 months		
Pesos - Thousands	MPs	Dif.	Margin	MPs	Dif.	Margin	MPs	Dif.	Margin
Organic growth	2,787,544	1.2%	11.7%	9,542,103	6.6%	13.5%	16,639,644	6.4%	15.7%
Suburbia	317,291	n/a	9.7%	780,117	n/a	11.7%	780,117	n/a	11.7%
Total	**3,104,835**	**12.7%**	**11.5%**	**10,322,220**	**15.3%**	**13.3%**	**17,419,761**	**0.0%**	**15.4%**

EBITDA MARGIN COMPARISON

EBITDA	3Q2017			YTD			Last 12 mos.		
	2017	2016	Dif	2017	2016	Dif	2017	2016	Dif
Organic growth	11.7%	12.7%	(99) bp	13.5%	13.7%	(25) bp	15.7%	16.0%	(32) bp
Suburbia	9.7%	n/a	0 bp	11.7%	n/a	0 bp	11.7%	0.0%	0 bp
Total	**11.5%**	**12.7%**	(119) bp	**13.3%**	**13.7%**	(40) bp	**15.4%**	**16.0%**	(58) bp

Operating Income

Operating income for the third quarter of the year totaled Ps. 2.08 billion, a 3.7% contraction compared to the same quarter of 2016. In the year to date, operating income came to Ps. 7.66 billion, rising 7.6% against the same period of 2016. These figures also include the results of Suburbia.

Financial Expense and Income

Liverpool reported a net financial expense of Ps. 537 million for the quarter, which was Ps. 412 million higher than in 3Q16. In the year to date the result is a net financial loss of Ps. 2.45 billion, which is Ps. 1.94 billion more than in the first nine months of 2016. Note that 98% of the year-to-date foreign-exchange loss was generated in the first quarter of the year.

(Pesos Thousands)	QUARTER			CUMULATIVE		
Net Financial Income/(Expense)	**3Q17**	**3Q16**	**Effect**	**2017**	**2016**	**Effect**
Interest	(550,127)	(211,830)	(338,297)	(1,538,207)	(569,490)	(968,717)
Exchange Effect	13,277	87,048	(73,771)	(913,626)	53,670	(967,296)
Total Financial Income/(Expenses)	**(536,850)**	**(124,782)**	**(412,068)**	**(2,451,833)**	**(515,820)**	**(1,936,013)**

Net interest expense in the period of this report grew 160%, reflecting the higher debt levels associated with the acquisition of Suburbia. In 2017 to date, the increase was 170% year-over-year.

Equity in the results of associated companies and joint ventures

During the third quarter, this line declined by 23.9%, to Ps. 121.5 million. In the first nine months of the year it shows a total of Ps. 419.5 million, which is 22.3% lower than in the same period of 2016. These results reflect difficult operating conditions in various markets of Central America and the Caribbean, along with additional financing expenses at Unicomer.

Grupo Unicomer management recently discovered a fraud related to some non-existent accounts receivable as of December 24, 2015, which was the date it acquired its Paraguayan subsidiary Wisdom Products (Wisdom). As a result, Unicomer adjusted the value of certain Wisdom assets and liabilities and reduced the amount of goodwill registered from the acquisition. At the same time, Unicomer undertook a number of lawsuits against Wisdom's former shareholders and restated the financial statements of previous fiscal years to include a USD 52 million write-down against shareholders' equity, a figure that includes the effect of the above-mentioned fraud and adjustments pertaining to other Unicomer transactions. Unicomer also decided to increase Wisdom's receivables reserves in 2016 and 2017.

Liverpool and its advisors are working closely to review Unicomer's situation and determine the time period the identified adjustments will be applied along with others that might arise. Because it owns a 50% stake in Unicomer, in the attached financial information, Liverpool wrote off USD 26 million corresponding to the value of its investment in Unicomer (Ps. 489 million) against earnings from prior fiscal years, and is in the process of deciding, along with its external auditors, the appropriate accounting treatment for the charges relating to this fraud and other non-material adjustments to the audited financial statements as of the close of 2017.

Net income

Majority net income in the third quarter totaled Ps. 1.26 billion, 21.3% lower than in 2016. For the year to date, this line was 19.8% lower than in 2016, reaching Ps. 4.25 billion. Excluding one-off exchange-rate effects and the earthquake provision, the results would have been as follows:

	Quarter		YTD	
(Pesos Thousands)	3Q17	Dif.	2017	Dif.
This report	1,258	-21.3%	4,250	-19.8%
Exchange Effect 1Q	n/a	n/a	4,925	-7.1%
Earthquake reserve	1,399	-12.4%	4,391	-17.2%

BALANCE SHEET

Cash and Short-Term Investments

The balance of this account as of September 30, 2017 was Ps. 10.66 billion, Ps. 5.31 billion higher than it was one year ago. The increase was due primarily to the funds obtained through an offering of Securities Certificates (LIVEPOL 17 and LIVEPOL 17-2) for a total of 5 billion pesos on August 25, as part of the "Frequent Issuer" program authorized for the company last July. The placement was made under a "communicating vessel" system, and brought in Ps. 1.5 billion at five years, at a rate of 25bp over the TIIE28, and Ps. 3.5 billion at ten years, at a rate of 112pb over the MBono 27, equivalent to 7.94%. For the variable portion, we took out a swap at a rate of 7.184%.

Of this cash account, 18.2% was invested in foreign currency (primarily USD) in order to cover goods in transit and accounts payable denominated in foreign currency.

Inventory and Accounts payable

Inventory totaled Ps. 22.00 billion at the close of the quarter, 21.3% higher than the year-earlier amount. This increase reflects the contribution of new stores and the incorporation of Suburbia.

Accounts payable to vendors at the close of the quarter stood 20.1% higher than on the same date in 2016, totaling Ps. 18.27 billion. This balance also reflects the incorporation of Suburbia.

Cost-Bearing Debt and Cash Flow

The following shows the breakdown of our cost-bearing debt:

(Pesos Thousands)	Sep 17	Sep 16	Dif %
Cost bearing debt	(35,888,406)	(29,912,936)	20.0%
Financial derivative instruments acquired for hedging purposes	(450,990)	2,038,848	-122.1%
TOTAL	**(36,339,396)**	**(27,874,088)**	**30.4%**

Note that 100% of our dollar-denominated debt (USD 1.05 billion) is hedged with a cross-currency swap that covers both principal and interest.

The gross and net leverage ratios (gross and net debt to EBITDA) on a 12-month basis were 2.13 times and 1.50 times, respectively, at the close of the quarter. These ratios have been calculated taking into account a mark-to-market valuation of the hedge instruments shown in the table above. Eliminating the one-off effects from 12-month EBITDA, the ratios would be 2.09 times and 1.47 times for gross and net debt, respectively.

Capital Expenditures

As of September 30, 2017, Liverpool had a total of Ps. 4.50 billion invested in capital expenditures, 80% of which was invested in expansion and remodeling projects.

Dividends

On October 6, the second dividend payment approved in the general shareholders' meeting of March 2, 2017 was paid out, totaling Ps. 510,034,518.00, after a first payment was made on May 26 in the amount of Ps. 778,397,492.00 for a total of Ps. 1,288,432,010.00, equivalent to 12.6% of the net earnings reported in 2016.

Expansions and recent events

The 2017 opening plan represents a new high for the group, with eleven new stores and one shopping center adding 5.9% to our retail space in department stores and 5.6% in shopping centers, in addition to two Suburbia stores.

Liverpool stores:

1. Tlaxcala, Tlaxcala (opened April 19, 2017)
2. Tuxtla Oriente, Chiapas (opened May 3, 2017)
3. Puebla Zaragoza, Puebla (opened September 26, 2017)
4. Toreo, Mexico State (opened October 12, 2017)

   Duty Free Cabo San Lucas and Playa del Carmen (closed)

Fábricas de Francia Stores:

1. Buenavista, Ciudad de México (opened March 21, 2017)
2. Apizaco, Tlaxcala (opened April 4, 2017)
3. Tonalá Plaza Lomas, Jalisco (opened April 11, 2017)
4. Saltillo, Coahuila (opened September 5, 2017)
5. Oaxaca Plaza Bella, Oaxaca
6. Plaza Sendero Valle de Chalco, Mexico State
7. Comitán, Chiapas

Suburbia Stores:

1. Campeche, Campeche (opened October 19, 2017)
2. Aguascalientes, Aguascalientes

Shopping Centers:

Galerías Tlaxcala (opened September 12, 2017)

Remodeling and expansions:

1. Liverpool Perisur
2. Liverpool Monterrey Centro
3. Liverpool Monterrey Galerías
4. Liverpool and Centro Comercial Plaza Satélite
5. Centro Comercial Perisur
6. Centro Comercial Galerías Mérida
7. Centro Comercial Galerías Monterrey

170th Anniversary

This year, we are celebrating 170 years of growth and being a benchmark for fashion in Mexico. Present throughout the country and steadily growing, our brands are widely recognized. We have developed a unique business model of focusing on the customer through department stores, which creates synergies and is supported by our credit card and real-estate division.

Suburbia

We continue to work on the incorporation of Suburbia. In addition to the back office processes we previously reported, during the past quarter we migrated tax files, merchandising systems and warehouses. We installed human resource systems including payroll, personal targets and performance evaluation. In early 2018 we will be integrating point-of-sale and revenue control, all while guaranteeing business continuity and maintaining our commercial proposition toward the customer.

Since September 13, the Liverpool credit card has been accepted in all Suburbia stores, with good results.

Omnichannel Strategy

The progress we have made in our Omnichannel strategy enable us to better meet customers' expectations, through initiatives such as: the launch of an app for Android smartphones, changes in logistics that allow for faster delivery times, and "Click & Collect," an option that is becoming increasingly popular among our customers.

September 7 and 19 earthquakes

To guarantee the safety of our customers, vendors, employees and tenants in all locations that might have suffered some type of damage, we have had inspections carried out by duly certified structural safety specialists, to ensure that each location was safe in accordance with current construction codes.

These experts found that none of our properties has suffered damage to its structural elements, and the behavior of their foundations has been found satisfactory.

As of the date of this report, only the Liverpool, Suburbia and Galerías Coapa shopping center located in Villa Coapa, to the south of Mexico City, remain closed. These have also been found to be free of structural damage. Because of the repair work that must be done to safeguard the safety and comfort of our clients, our preliminary estimate of when the buildings will return to normal operation is early March 2018.

Note that these locations together account for less than 2.5% of total annual sales.

Liverpool has insurance for both the property damage and business interruption. As we mentioned earlier, a Ps. 186 million provision was created to cover deductibles and other minor expenses.

Liverpool

Grupo BMV
LIVEPOL

Analyst Coverage

Pursuant to the Securities Market Act, the Company hereby discloses the list of Institutions and Financial groups that maintain coverage of its financial and operating performance:

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

About the Company

El Puerto de Liverpool, S.A.B. de C.V.: (as of September 30, 2017)

Department stores:			
	Liverpool	89	1,428,731 m2
	Fábricas de Francia	38	242,545 m2
Total Stores		**127**	**1,671,276 m2**
	Suburbia	122	460,288 m2
Shopping Centers:		26	503,485 m2
Boutiques:		107	68,149 m2

Credit Cards

Number of Cards	3Q 2017	3Q 2016	% Chg.
Liverpool Cards	4,579,655	4,250,915	7.7%

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