LIVEPOL

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

RESULTS OF OPERATIONS FOR THE SECOND QUARTER OF 2018

Highlights

Tailwinds:

- Remittances grew at their highest rate in 18 months, while the **total payroll and formal job creation** saw healthy performance.
- **The consumer confidence index** closed the quarter at its highest point since January 2016, improving by 2.9% compared to June 2017.

Headwinds:

- **Inflation** in the last twelve months has been 4.76%, and recent readings have been above expected levels.
- **Exchange rate:** the quarterly average showed a 4.8% devaluation compared to the same period of last year.
- **Consumer credit**: remains on slightly positive ground, but slowed to its lowest growth in three years.
- **Benchmark interest rate**: At the end of June, Banxico introduced its second rate hike this year, raising the benchmark rate by a quarter of a point to 7.75%, its highest level since 2009.

Company results and outlook:

- **Same-store sales for Liverpool** grew 7.4% during the quarter and 6.8% in the first half of the year.
- **At Suburbia, same-store sales growth** was 11.3% in the quarter and 13.9% for the year to date.
- **Total revenues** grew 9.0% in the quarter and 14.4% in the year to date.
- **Non-performing loans** ended the quarter at 5.7%, 76bp higher than last year.
- **EBITDA** advanced 9.6% compared to the second quarter of 2017, and for the first half, 3.1% over the same period of 2017.
- **Net profit** for the quarter rose 23.3%, and for the first half, increased 24.2%.
- Liverpool Las Antenas opened its doors to shoppers on April 24th. This is our 131st store in Mexico.

Key figures

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

Pesos Thousands	QUARTER			TOTAL YEAR		
	2Q18	2Q17	VAR	2018	2017	VAR
Total revenue:	**32,633,387**	**29,944,802**	**9.0%**	**57,895,781**	**50,596,432**	**14.4%**
Commercial (includes services and other)	28,858,090	26,529,201	8.8%	50,703,864	44,128,212	14.9%
Interest	2,869,398	2,670,889	7.4%	5,456,994	4,922,606	10.9%
Leasing	905,899	744,712	21.6%	1,734,923	1,545,614	12.2%
Cost of sales	19,543,068	17,894,447	9.2%	34,511,995	29,754,679	16.0%
Gross income	**13,090,319**	**12,050,355**	**8.6%**	**23,383,786**	**20,841,753**	**12.2%**
Gross margin	**40.1%**	**40.2%**	**(0.13)**	**40.4%**	**41.2%**	**(0.80)**
Operating expenses	9,024,996	8,393,040	7.5%	17,771,644	15,262,574	16.4%
Operating income	**4,065,323**	**3,657,315**	**11.2%**	**5,612,142**	**5,579,179**	**0.6%**
Net income	2,711,823	2,199,515	23.3%	3,715,124	2,991,548	24.2%
EBITDA	**4,871,261**	**4,444,956**	**9.6%**	**7,223,526**	**7,005,005**	**3.1%**
EBITDA margin	**14.9%**	**14.8%**	**0.08**	**12.5%**	**13.8%**	**(1.37)**
Customer's portfolio	**31,447,594**	**30,170,949**	**4.2%**			
Same-store growth Liverpool	**7.4%**	**4.1%**	**3.3 p.p.**	**6.8%**	**5.2%**	**1.6 p.p.**
Same-store growth Suburbia	**11.3%**	**N/A**	**N/A**	**13.9%**	**N/A**	**N/A**
Same-store growth Total	**7.9%**	**4.1%**	**3.8 p.p.**	**7.7%**	**5.2%**	**-2.5 p.p.**

RESULTS

Sales of goods and services

For this second quarter, total retail revenue grew 8.8%, and for the year to date, the growth was 14.9%.

	2Q2018		YTD	
(Pesos Thousands)	**MPs**	**Dif.**	**MPs**	**Dif.**
Liverpool	25,181,094	8.7%	43,798,116	7.4%
Suburbia	3,676,996	9.4%	6,905,748	105.4%
Total	**28,858,090**	**8.8%**	**50,703,864**	**14.9%**

Unlike last year, this year Easter week fell in the first quarter which had a negative effect on the second quarter, this being reflected in clothing categories.

Liverpool

Same-store sales were up 7.4% for the quarter, and 6.8% in the first six months of the year.

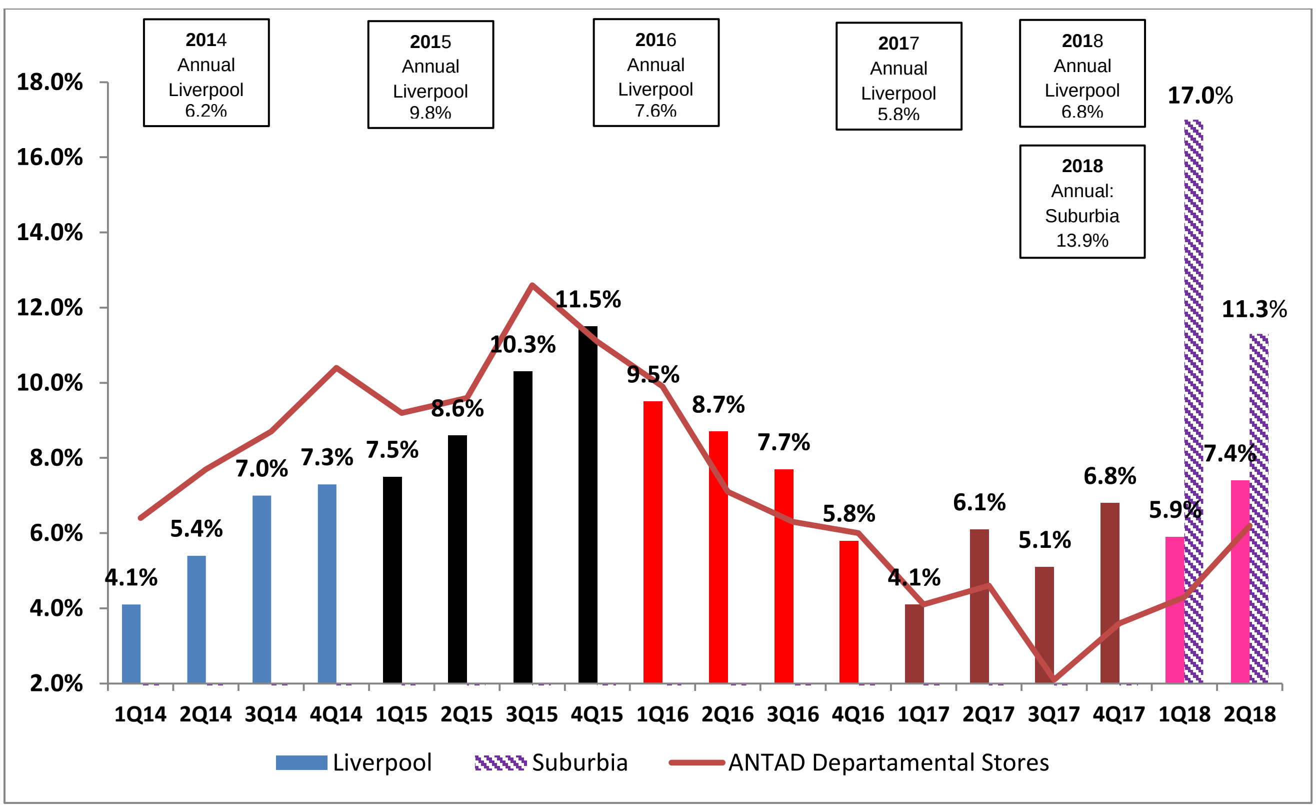
The average ticket at Liverpool for the first half of the year grew 3.8% while traffic increased 2.8%. Broken down by product category, Multimedia, Sporting Goods, Housewares and Cosmetics all outperformed the average, the first two related to the World Cup soccer championships this year (sale of TV monitors, computers and fashion sportswear), but Clothing also saw something of a slowdown, because of the above mentioned calendar effect (Easter week).

By geographic region, results in Central and Southeast Mexico were stronger, while those of Western, Northeast and Central-West (Bajío) grew at rates below the average.

Suburbia

Same-store sales rose 11.3% in the quarter, and 13.9% between January and June.

Same-Store Sales Growth



Figures published by ANTAD as of June 30, 2018 show nominal growth in 4.6% in same-store sales among affiliated retail establishments, and in the first half of the year, a growth of 5.4%. Among department stores in particular, same-store sales growth was 6.2% for the second quarter and 5.4% in the year to date.

Note that the Galerías Coapa Liverpool and Suburbia stores remain closed, so these are excluded from the calculation of same-store sales.

Omnichannel Strategy

Growth in the digital sales platform during the quarter was 67.7%, reflecting strong performance during the “Hot Sale” promotional event. For the first half of the year, the growth was 50%, with online sales making up 4.8% of retail sales. Softline merchandise grew at above-average rates, contributing to the margin improvement in this business channel. Sales through mobile devices are gaining share in the total.

Substantial progress was made in our Omnichannel strategy during the quarter, such as: extended catalog sales through more than nine thousand tablets for store sales staff, continuing to show strong growth. Click & Collect sales have been gaining share as a delivery method. Our technological platform has been updated and operates with the latest version available on the market.

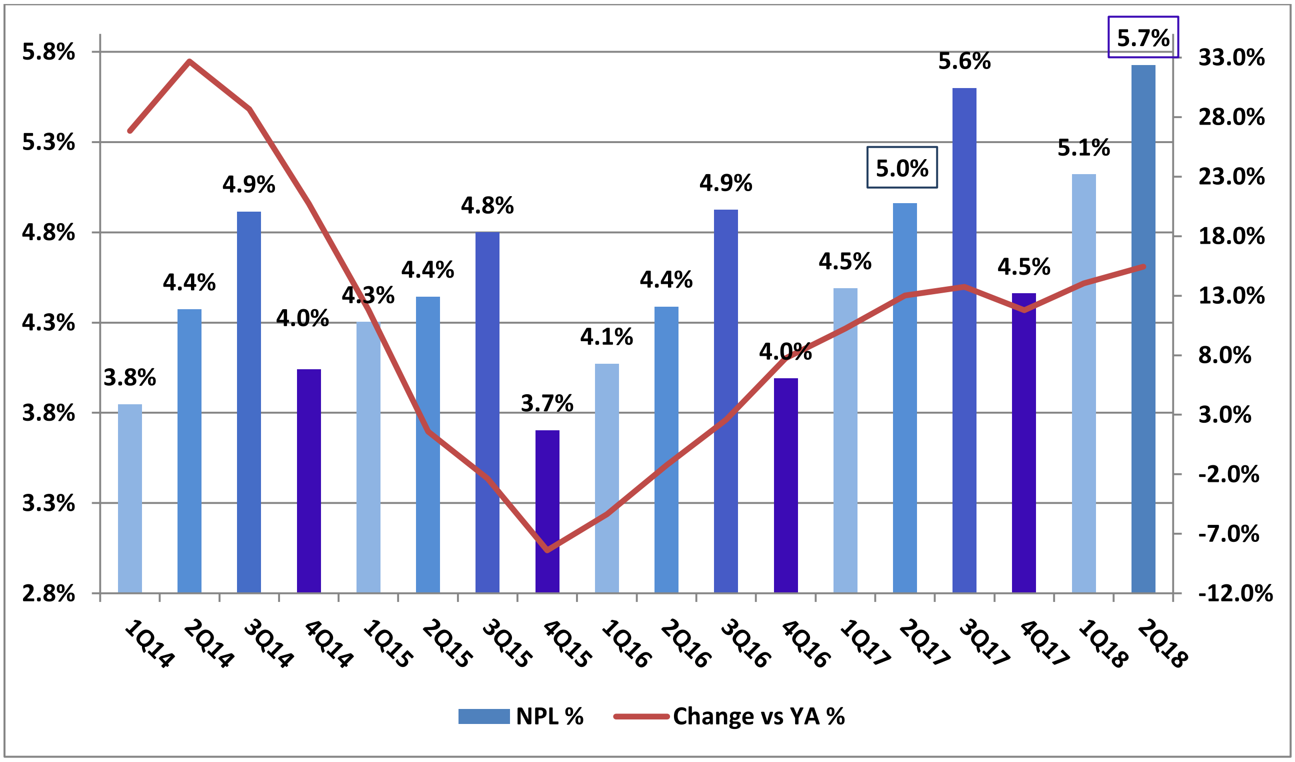
Interest Income and Customer Portfolio

In the second quarter, revenues in our credit division increased 7.4% over the same period of last year, and in the first half of the growth was 10.9%. The customer portfolio expanded by 4.2% compared to the same quarter of 2017. A reduction in interest-free installment sales had a negative impact on revenues.

Sales charged on Liverpool credit cards made up 45.7% of total store sales at the close of the quarter, a 30bp decline from the close of 1S17.

Credit payments more than 90 days past due accounted for 5.7% of the total portfolio, 76bp higher than at the close of the second quarter of 2017. Measures taken starting last year regarding new account origination, which resulted in a more than 30% drop in the rate of approval of credit card applications, has borne fruit in the form of lower past-due accounts. As a consequence, this in turn has had a reduced growth (27.6%) in the uncollectible accounts reserve being the lowest in the past six quarters.

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



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

Thousand Pesos	Jun 18	Jun 17	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%

Leasing

Quarterly leasing revenues saw a 21.6% year-over-year advance, and in the first six months of the year grew 12.2%. Significantly, these amounts include a recovery of Ps. 141 million pesos from insurance companies relating to damages to Galerías Coapa during last September's earthquake. This recovery was equivalent to 100% of revenues lost from September 2017 to June of this year. Excluding the effects of that recovery and the business interruption at Galerías Coapa, the growth was 13.8% in the quarter and 8.5% in the year to date. Occupancy levels in the shopping centers are around 93%, reflecting the incorporation of La Paz.

Cost of Goods Sold and Gross Margin

Retail Margin

The retail margin for 2Q18 narrowed by 27bp, due to a change in the retail mix. Note that in 1Q17 we reported the positive effect of Ps. 238 million pesos--adding 150bp to the margin--from the sale of the Aéropostale and Cole Haan brands. Stripping out this effect from the YTD 2017 results, the erosion of the margin would have been 27bp.

Pesos - Thousands	QUARTER			YTD		
TOTAL	**2Q18**	**2Q17**	**Dif %**	**2017**	**2016**	**Dif %**
Retail	28,858,090	26,529,201	8.8%	50,703,864	44,128,212	14.9%
Cost of goods sold	19,543,068	17,894,447	9.2%	34,511,995	29,754,679	16.0%
Retail Margin	**32.3%**	**32.5%**	**- 0.27**	**31.9%**	**32.6%**	**- 0.64**

Consolidated Gross Margin

The second-quarter gross margin shrank by 13bp, and the margin for the year to date was down by 80bp. The Retail Division accounted for 87.6% of total revenues, 36bp more than in the same period of 2017:

	QUARTER			CUMMULATIVE		
As % of total income	**2Q18**	**2Q17**	**VAR bps**	**2018**	**2017**	**VAR bps**
Retail	88.4%	88.6%	- 0.16	87.6%	87.2%	0.36
Interest	8.8%	8.9%	- 0.13	9.4%	9.7%	- 0.30
Leasing	2.8%	2.5%	0.29	3.0%	3.1%	- 0.06

Operating Expenses

Operating expenses for the second quarter rose 7.5%. Significantly, the basis of comparison (2Q17) included one-off acquisition expenses associated with the purchase of Suburbia for Ps. 133 million. In the first half of the year, the growth was 16.4%, the main factors in the increase being: a) provisions for uncollectable accounts; b) Suburbia incorporation; c) the opening of eleven new department stores in 2017, and d) IT expenses. Strict expense controls have been introduced at all the business units.

EBITDA

EBITDA for the second quarter of 2018 totaled Ps. 4.87 billion, 9.6% higher than in the same quarter of 2017. On a cumulative basis the growth is 3.1% reaching Ps 7.22 billion. EBITDA margin during the quarter is 14.9% reflecting an 8bp improvement compared to 2017, YTD a margin of 12.5% is reached being 137bp lower than the same period 2017. These results consider the impact of a few one timers such as the sale of Aéropostale and Cole Haan boutiques during 1Q2017, should we exclude this effect then the cumulative EBITDA growth is 6.7%.

Operating Income

For the second quarter of 2018, operating income was Ps. 4.06 billion, an increase of 11.2% compared to the same period of last year. In the first two quarters of the year, operating income came to Ps. 5.61 billion pesos, rising 0.6% year-over-year.

Financial Expense and Income

For this quarter, our net financial expense was Ps. 461 million, compared to Ps. 617 million in the same period of 2017, while in the year to date, net financial expense was Ps. 914 million. Net interest expense in the quarter was 20.5% lower than in the year-earlier period, reflecting lower net debt levels.

(Pesos Thousands)	QUARTER			CUMULATIVE		
Net Financial Income/(Expense)	**2Q18**	**2Q17**	**Effect**	**2018**	**2017**	**Effect**
Interest	(465,885)	(585,706)	**-20.5%**	(932,880)	(988,080)	**-5.6%**
Exchange Effect	4,654	(31,907)	**-114.6%**	18,563	(926,903)	**-102.0%**
Total Financial Income/(Expenses)	**(461,231)**	**(617,613)**	**-25.3%**	**(914,317)**	**(1,914,983)**	**-52.3%**

Equity in the results of associated companies and joint ventures

During the quarter covered by this report, this line grew by 252.6% to Ps. 161.1 million, and in the first half of the year totaled Ps. 334.6 million, a 12.3% increase. This was due primarily to improved operating conditions in the Caribbean, Central and South America.

Taxes

The effective income tax rate for the quarter was 27.8%, and for the first half, 25.7%.

Net income

Majority net income in the first quarter totaled Ps. 2.71 billion, 23.3% higher than in the same quarter of 2017. For the period between January and June 2018, majority net income increased 24.2%.

BALANCE SHEET

Cash and Short-Term Investments

The balance of this account as of June 30, 2018 was Ps. 9.16 billion. Of this amount, 15.9% was invested in foreign currency (primarily USD) in order to cover 100% of accounts payable denominated in foreign currency.

Inventory and Accounts payable

Inventory totaled Ps. 20.63 billion at the close of the second quarter, 7.2% higher than the year-earlier amount.

As for supplier accounts payable, the balance at the close of the quarter stood 15.2% higher than in the same quarter of 2017, totaling Ps. 22.52 billion pesos.

Cost-Bearing Debt and Cash Flow

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

Thousand Pesos	Jun 18	Jun 17	Dif %
Cost bearing debt	(31,575,760)	(30,787,186)	2.6%
Financial derivative instruments acquired for hedging purposes	2,815,634	132,762	2020.8%
TOTAL	(28,760,126)	(30,654,424)	-6.2%

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.

On June 20 of this year, we fully settled the balance of a syndicated loan in advance, with a payment of Ps. 2.19 billion. The loan was originally for Ps. 5.0 billion, at a term of four years, and was taken out in March of last year.

On the first of June, we also paid off a bank loan for Ps. 921 million.

The gross and net leverage ratios (gross and net debt to 12-month EBITDA) at the close of the second quarter were 1.57 times and 1.07 times, respectively. These ratios have been calculated taking into account a mark-to-market valuation of the hedge instruments shown in the table above.

Capital Expenditures

As of June 30th, 2018, Liverpool had invested a total of Ps. 3.55 billion in capital expenditures.

Dividends

On May 25th, we paid the first installment of Ps. 778,473,738.00 of the dividend approved in the General Shareholders' Meeting of March 15th, 2018. The remaining Ps. 510,034,518.00 will be paid on October 12th.

Expansions and recent events

The 2018 opening plan incorporates five new Liverpool stores, adding 4.5% of retail sales floor area in the department store segment, along with six Suburbia stores.

Liverpool store openings:

1. Parque Antenas, Iztapalapa	Opened April 24
2. Paseo Querétaro, Querétaro	Opening in September
3. Mérida Cabo Norte, Yucatán	Opening in September
4. Monclova, Coahuila	Opening in September
5. Fresnillo, Zacatecas	Opening in September
6. Atlixco, Puebla	Opening in September

Suburbia Stores:

1. Santa Úrsula, México City	Opening in August
2. Tuxtla Gutiérrez, Chiapas	Opening in October
3. Patio Tulancingo, Hidalgo	Opening in November
4. Tenaria, México City	Opening in November
5. San Juan del Río, Querétaro	Opening in November
6. Atlacomulco, Mexico State	Opening in November

Remodeling and expansions:

1. Liverpool Perisur and Centro Comercial Perisur
2. Liverpool Monterrey Centro and Centro Comercial Galerías Monterrey
3. Liverpool and Centro Comercial Plaza Satélite
4. Centro Comercial Galerías Insurgentes

Debt maturities

In 2018, we have the following debt maturity coming due: the LIVEPOL08 bond on August 24th, for Ps. 1.0 billion. There are no maturities upcoming in 2019.

Suburbia

Early in April, we completed our integration of Suburbia into Liverpool's administrative and computer systems. As of the date of this report, Suburbia no longer had any administrative or technological dependency on Wal-Mart.

As of July 8th of this year, we terminated our relationship with Bradescard México, S. de R.L. de C.V. for the issuance of Suburbia Bradescard cards. At the same time, we launched our own Suburbia Department Store and Suburbia Visa Cards, which we think will serve as a significant complement to the Company's business.

September 19th earthquake

As of the date of this report, the Liverpool, Suburbia and Galerías Coapa shopping center located in Villa Coapa, to the south of Mexico City, remain closed. Taking into account the repair works that must be done to safeguard the safety and comfort of our customers and employees, we expect to be able to re-open the Liverpool store by October 31st, and Galerías Coapa facilities by August 31st, while the Suburbia store will re-open its doors in 2019.

Liverpool has insurance for both the property damage and business interruption. As of the date of this report, we have received the following payments from our insurance companies covering 100% of the material losses. To cover the negative effects of business interruption, we received Ps. 239 million pesos in the second quarter, for a total of Ps. 294 million in the year to date. In 2017, we received insurance payments totaling Ps. 147 million.

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

About the Company

El Puerto de Liverpool, S.A.B. de C.V.: (as of June 30 th, 2018)

Department stores:

Liverpool	90	1,452,117 m2
Fábricas de Francia	41	256,696 m2
Total Almacenes	**131**	**1,708,813 m2**
Suburbia Stores	124	465,415 m2
Shopping malls:	27	520,031 m2
Boutiques:	117	72,484 m2

Credit Cards

Number of Cards	2Q 2018	2Q 2017	% Chge.
Liverpool Cards	4,765,068	4,455,777	6.9%

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