LIVEPOL

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

2018 THIRD QUARTER FINANCIAL RESULTS

Economic Highlights

Tailwinds:

- Remittances keep showing a solid growth, while the **payroll** and the **promotion of formal jobs** report a healthy performance.
- During the quarter the **consumer's confidence index** (*Índice de Confianza del Consumidor*) reached its highest level in at least three years, showing an improvement of 14.0% in comparison to the September 2017 report.

Headwinds:

- **Inflation** has been 5.02% over the last twelve months; recent readings have been above expected levels.
- **Exchange rate**: the quarterly average shows a 6.4% devaluation compared to the same period last year.
- **Consumer credit:** barely remains positive, its annualized growth has slowed down to its lowest level in eighteen months.
- **Benchmark interest rate:** Banxico kept the benchmark rate at 7.75% during the quarter, a level we had not had since 2009.

Company highlights:

- **For Liverpool, same-store sales** grew 6.3% during the quarter, and 6.6% year-to-date.
- For **Suburbia, growth in same-store sales** was 11.7% during the quarter, and 13.2% cumulative.
- **Total income** grew 8.2% during the quarter, and 12.3% cumulative.
- By the end of the quarter **overdue portfolio** is 5.8%, a 14 bps increase in comparison to the previous year.
- This quarter **EBITDA** increased by 25.7%, and cumulatively the increase is 9.8%.
- This quarter **net profit** increased by 52.3%, whereas cumulatively the increase was 32.4%.
- At the end of September we had the opening of Liverpool stores in Fresnillo, Zacatecas; Paseo Querétaro, Querétaro; Atlixco, Puebla, and Mérida Cabo Norte in Yucatán. This makes 136 store openings throughout the country.
- Also, on August 9 we opened Suburbia shop number 125, located at Patio Tlalpan in Mexico City.

Key figures

The main indicators of the profit and loss statement at the end of the third quarter are as follows:

Pesos Thousands	QUARTER			YTD		
	3Q18	3Q17	Dif	2018	2017	Dif
Total revenue:	**29,244,337**	**27,025,566**	**8.2%**	**87,140,118**	**77,621,998**	**12.3%**
Commercial (includes services and other)	25,546,240	23,708,967	7.7%	76,250,104	67,837,179	12.4%
Interest	2,889,522	2,529,231	14.2%	8,346,516	7,451,837	12.0%
Leasing	808,575	787,368	2.7%	2,543,498	2,332,982	9.0%
Cost of sales	17,464,281	16,385,382	6.6%	51,976,276	46,140,061	12.6%
Gross income	**11,780,056**	**10,640,184**	**10.7%**	**35,163,842**	**31,481,937**	**11.7%**
Gross margin	40.3%	39.4%	0.91	40.4%	40.6%	-0.20
Operating expenses	8,876,575	8,557,898	3.7%	26,648,221	23,820,464	11.9%
Operating income	**2,903,481**	**2,082,286**	**39.4%**	**8,515,621**	**7,661,473**	**11.1%**
Net income	1,912,964	1,255,660	52.3%	5,628,086	4,249,687	32.4%
EBITDA	**3,723,085**	**2,962,561**	**25.7%**	**10,946,609**	**9,967,574**	**9.8%**
EBITDA margin	**12.7%**	**11.0%**	**1.77**	**12.6%**	**12.8%**	**-0.28**
Customer's portfolio	**30,173,766**	**29,293,242**	**3.0%**			
Same-store growth Liverpool	**6.3%**	**5.1%**	**1.2 p.p.**	**6.6%**	**5.2%**	**1.4 p.p.**
Same-store growth Suburbia	**11.7%**	**3.2%**	**8.5 p.p.**	**13.2%**	**3.0%**	**10.2 p.p.**
Same-store growth Total	**7.0%**	**4.8%**	**2.2 p.p.**	**7.5%**	**4.9%**	**-2.6 p.p.**

RESULTS

Sales of goods and services

This third quarter total retail income grew 7.7%, and 12.4% cumulative.

Pesos Thousands	QUARTER			YTD		
	3Q2018	3Q2017	Dif	2018	2017	Dif %
Liverpool	22,024	20,510	**7.4%**	65,823	61,277	**7.4%**
Suburbia	3,522	3,198	**10.1%**	10,428	6,560	**59.0%**
Total	**25,546**	**23,709**	**7.7%**	**76,250**	**67,837**	**12.4%**

Regarding the calendar effect, the *Venta Nocturna de Aniversario* of Fábricas de Francia was scheduled in October, which had a negative impact in this quarter.

Liverpool

During this quarter same-store sales grew 6.3%, for a cumulative total of 6.6%.

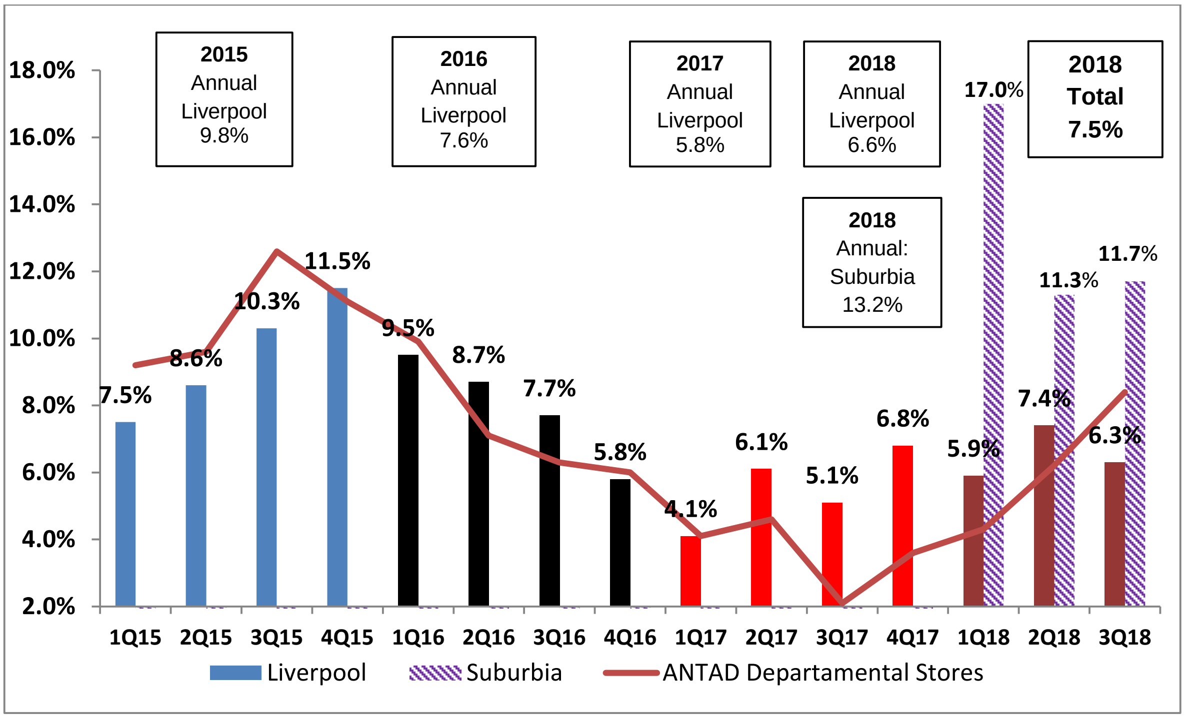
Liverpool’s year-to-date average ticket grew 3.5%, and traffic increased by 3.0%. In terms of product category, Multimedia, Sports, and Home show a performance above average; Apparel is less dynamic.

Geographically, the Northwest is notable for its expansion, while the Center, Southeast, and Gulf areas show a growth slightly below average.

Suburbia

During this quarter same-store sales increased by 11.7%, and from January to September by 13.2%.

Same-stores Sales growth



Figures published by ANTAD (Spanish acronym for the National Association of Supermarkets and Department Stores) as of September 30, 2018 evidenced a 5.3% increase in nominal terms for same stores, and cumulatively the increase was also 5.3%. Regarding department stores associated to ANTAD, an increase of 8.4% for same stores is recorded during the third quarter, and 6.4% year-to-date.

It is important to highlight that Liverpool and Suburbia stores at Coapa remain closed, and thus were excluded from the calculation of same-store sales.

Omnichannel business

Cumulative growth of the sales program through e-commerce channels has been 36.5%. “Click & Collect” is now the popular choice for 54% (cumulative) of customers of the e-commerce channels. The softline merchandise shows an increase above average, helping improve the profit in this business channel. Likewise, there is an ongoing increase in sales through mobile devices.

Throughout the year delivery times have decreased through greater merchandise availability and optimization of resources.

During this quarter there were significant advances in the Omnichannel business: incorporation of customer´s product reviews, a new gift registry program, and a new chat for better online support.

Financial Business - Interest and Client Portfolio

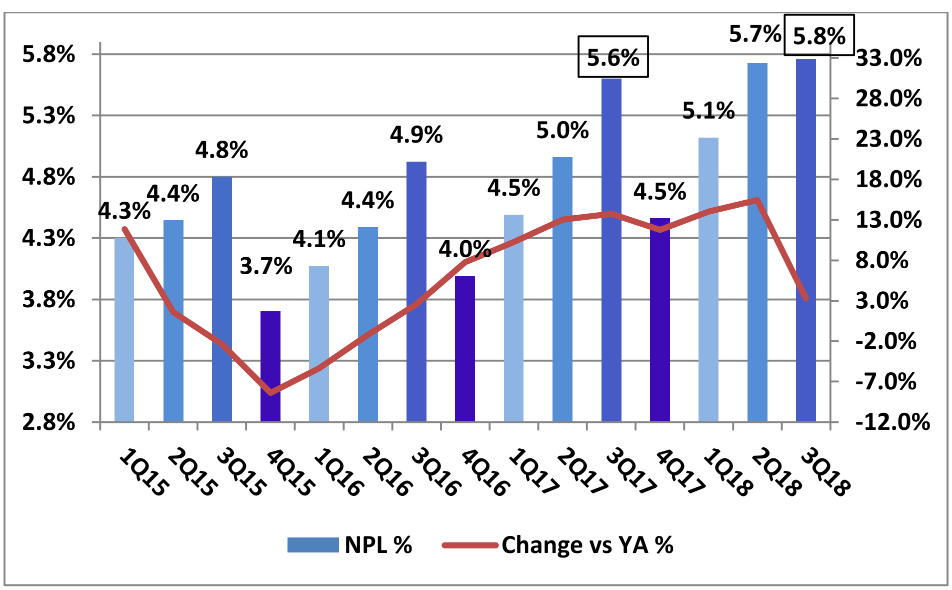
This third quarter, income in the credit division increased by 14.2% when compared to the same period of the previous year, whereas cumulatively the increase was 12.0%. Client portfolio reflected a 3.0% growth when compared to the third quarter of the previous year.

Cumulatively, the share of Liverpool credit cards was 45.8% of total sales, a 56 bps decrease compared to the previous year.

Accounts overdue by more than 90 days make up 5.8% of the total portfolio, 14 bps above the third quarter of 2017. Increase in the delinquency rate is the lowest reported in the last eight quarters. Actions taken since last year regarding new accounts origination, which have diminished the approval rate more than 30%, as well as improvements in the behavior and collection patterns to handle the portfolio have paid off with better overdue portfolio levels.

The relation with Bradescard México, S. de R.L., the company that issued the Suburbia Bradescard credit cards was terminated as of July 9 of this year. Starting on said date Suburbia began to issue its own credit cards Suburbia Departamental and Suburbia Visa, which we consider will be an important supplement to the Company's business. Almost 85,000 credit cards have been placed at the closing of the third quarter. This has been achieved due to the authorization of instant credit, which is available in our 125 shops.

Non-performing loans by more than 90 days (%)



Reserves for overdue portfolio accumulated as of September 30 are made up as follows:

Pesos Thousands	QUARTER 3Q18	3Q17	Dif %	YTD 2018	2017	Dif %
Initial balance of reserve:	3,640,162	2,968,993	22.6%	3,085,681	2,516,143	22.6%
(+) New reserves:	770,769	936,528	-17.7%	2,800,131	2,527,404	10.8%
(-) Write off:	(796,272)	(587,605)	35.5%	(2,271,153)	(1,725,631)	31.6%
Ending balance of reserve	**3,614,659**	**3,317,916**	**8.9%**	**3,614,659**	**3,317,916**	**8.9%**

It is reported that less need for aditional reserve in the quarter, -17.7%, and 10.8% cumulative have helped with the expense control.

Real Estate Business

In the quarter, rental income shows a 2.7% increase year-to-year, whereas cumulatively, a 9.0% increase is reported. It is important to highlight that these amounts encompass the cumulative recovery of Ps. 143 million from the insurance companies in connection with the earthquake damages to Galerías Coapa. This recovery is equal to the full amount of the income lost from September 2017 to August of this year. Rental income shows a 7.6% cumulative growth, excluding the effects related to Coapa. Occupancy levels in the shopping malls are noticed at around 95.2%.

Cost of Sales and Gross Margin

Profit Margin

The 3Q18 profit margin reflects a 75 bps increase, and cumulatively, it shows a 15 bps decrease. The quarterly margin reflects the rescheduling of the *Venta Nocturna* toward the fourth quarter of the year. It is important to point out that in the 1Q2017 there was a positive effect of Ps. 238 million due to the sale of Áeropostale and Cole Haan brands. The margin improves by 10 bps when deducting this effect from the 2017 accumulated profit and loss.

Pesos Thousands	QUARTER 3Q18	3Q17	Dif %	YTD 2018	2017	Dif %
Commercial sales	25,546,239	23,708,967	7.7%	76,250,103	67,837,179	12.4%
Cost of goods sold	17,464,281	16,385,382	6.6%	51,976,276	46,140,061	12.6%
Commercial margin	**31.6%**	**30.9%**	**0.75**	**31.8%**	**32.0%**	**-0.15**

Consolidated Gross Margin

In the third quarter there was a 91 bps improvement, and cumulatively a 20 bps impairment. The Commercial Division contributed with 87.4% of total income, 37 bps less compared to the third quarter of 2017:

As % of total income	QUARTER 3Q18	3Q17	VAR bps	YTD 2018	2017	VAR bps
Retail	87.4%	87.7%	-0.37	87.5%	87.4%	0.11
Interest	9.9%	9.4%	0.52	9.6%	9.6%	-0.02
Leasing	2.8%	2.9%	-0.15	2.9%	3.0%	-0.09

Operating Expenses

This quarter, operating expenses increased by 3.7%. We emphasize that a decrease of almost 18% of the bad debt provision has contributed to this result. It is important to point out that the cumulative reference point includes one-time acquisition costs related to the purchase of Suburbia for Ps. 132 million. During these nine months the increase is 11.9%, the main components behind this outcome being: a) the provision for bad debt; b) the acquisition of Suburbia, and c) information technology expenses.

EBITDA

This quarter's EBITDA amounted to PS. 3,723 million, reflecting a 25.7% increase; cumulatively, the growth is 9.8%, reaching Ps.10,946 million. The EBITDA margin of this quarter reaches 12.7%, showing an improvement of 177 bps compared to the same period of 2017. Cumulatively, this indicator reaches 12.6%, 28 bps less than the same period of 2017. These results were impacted by several one-time events, such as the sale of the Aéropostale and Cole Haan boutiques in 1Q2017. Excluding this event, the cumulative EBITDA margin would have reported no changes. The EBITDA margin on a twelve-month basis reaches 14.5%, which represents a 36 bps decrease compared to the same period of the previous year.

Operating Income

Operating income for this quarter amounted to Ps. 2,903 million, showing a 39.4% growth compared to the same period of the previous year. The cumulative amount of the first three quarters is Ps. 8,515 million, which represents an 11.1% increase.

Financial Expenses and Income

Our net financial expense this quarter was Ps. 463 million, compared to Ps. 536 million during the same period of 2017; whereas cumulatively during 2018, expense amounts to Ps. 1,406 million. Net interest expense during the quarter had a 13.7% decrease, showing lower net debt levels.

Pesos Thousands	**QUARTER**			**YTD**		
Net Financial Income/(Expense)	**3Q18**	**3Q17**	**Effect**	**2018**	**2017**	**Effect**
Interest	(475,026)	(550,127)	-13.7%	(1,407,906)	(1,538,207)	-8.5%
Exchange Effect	11,995	13,277	-9.7%	1,515	(913,626)	-100.2%
Total Financial Income/(Expenses)	**(463,031)**	**(536,850)**	**-13.8%**	**(1,406,391)**	**(2,451,833)**	**-42.6%**

Participation in results of associated companies and joint ventures

A 21.9% decrease is recorded during this quarter, reaching Ps. 94.9 million, mainly due to the operating conditions in Nicaragua. Cumulatively, it reached Ps. 429.5 million, reflecting a 2.4% increase.

Taxes

The effective income tax rate is 24.4% in the quarter, whereas cumulative it is 25.2%.

Net profit

The consolidated net profit as of the third quarter reached Ps. 1,913 million, which compared to 2017 represents a 52.3% increase. A 32.4% increase is recorded in the year-to-date.

BALANCE

Cash and Short-term investments

The balance of this account as of September 30, 2018 was Ps. 5,971 million. In order to fully cover the foreign currency denominated accounts payable, 25.7% of the balance is invested in foreign currency (mainly USD).

Inventories and Accounts payable

At the close of the quarter inventories have a balance of Ps. 23,616 million, which is 7.3% above the amount recorded last year.

At the end of the third quarter the balance of accounts payable to suppliers was Ps. 19,554 million, which reflects a 7.0% increase compared to the same quarter of the previous year.

Interest-bearing debt and Cash Flow

Interest-bearing debt is made up as follows:

Pesos Thousands	Sept 18	Sept 17	Dif
Cost bearing debt	(29,559,255)	(35,888,406)	-17.6%
Financial derivative instruments acquired for hedging purposes	1,389,013	(450,990)	-408.0%
TOTAL	**(28,170,242)**	**(36,339,396)**	**-22.5%**

It should be emphasized that both principal and interest on the US dollar denominated debt (US 1,050 million) are fully hedged with a cross currency swap.

On August 24 we settled the LIVEPOL08 bond for Ps.1,000 million.

The gross and net financial leverage ratio on EBITDA on a twelve-month basis is 1.47 and 1.16 times, respectively. These ratios have been determined based on the mark-to-market effect of the hedging financial derivatives shown in the previous table. There are no maturity dates for the rest of 2018, nor during 2019.

Investments in Capital Projects

Investment in capital projects was Ps. 6,258 million, as of September 30, 2018.

Dividends

The remaining payment of the dividend agreed upon in the General Shareholders' Meeting of March 15, 2018, in the amount of Ps. 510 million was made on October 12 of this year.

Expansion and Recent Events

The 2018 openings plan contemplates five new Liverpool stores, adding 4.5% to our retail space in department stores, as well as seven Suburbia shops.

	Opening Plan 2018
Liverpool store openings:	
Parque Antenas, Iztapalapa	Opened April 24th
Fresnillo, Zacatecas	Opened September 18th
Paseo Querétaro, Querétaro	Opened September 20th
Atlixco, Puebla	Opened September 25th
Mérida Cabo Norte, Yucatán	Opened September 27th
Suburbia Stores:	
Patio Tlalpan, Ciudad de México	Opened August 9th
Ámbar Tuxtla Gutiérrez, Chiapas	Opening in October
Sentura Zamora, Michoacán	Opening in November
Plaza Atlacomulco, Edo. de México	Opening in November
Galerías San Juan del Río, Querétaro	Opening in December
Parque Puebla, Puebla	Opening in December
Parque Antenas, Iztapalapa	Opening in December
Remodeling and expansions:	
Liverpool Perisur y Centro Comercial Perisur	
Liverpool y Centro Comercial Galerías Monterrey	
Liverpool y Centro Comercial Plaza Satélite	
Centro Comercial Galerías Insurgentes	

Conversion of Fábricas de Francia into Liverpool and Suburbia

As we announced on September 12, it was decided that a conversion process of the 41 Fábricas de Francia stores would be implemented. Two-thirds will be converted into Liverpool stores, whereas the rest will be converted into Suburbia shops. The detailed plan will be shared later on.

The transition process will take place during 2019, and a Ps. 200 million reserve was created in this quarter to cover the first estimates of these conversion expenses.

Suburbia.com

On October 2 we launched Suburbia.com on which apparel and general merchandise are offered. We have two delivery methods: either home delivery at the client's expense or Click & Collect. Once the purchase is done, we have the latest advances in delivery tracking, which is carried out by a third party. Likewise, services like insurance, whatever is required to obtain and manage the new Suburbia credit cards, and a useful style and current trends guide is offered.

As part of our strategic plan, the new program extends the customer's Omnichannel experience with the latest in technology, a renewed design, and resources for easier internet browsing.

September 19, 2017 Earthquake

Liverpool and Galerías Coapa are preparing for reopening on October 31, after remaining closed due to the damages caused by the earthquake. Reconstruction works at Suburbia Coapa continue and the reopening will take place on the third quarter of 2019.

Liverpool has insurance on both property damage and business interruption. As of the date of this report we have received from the insurance companies an amount equal to 100% of the property damage; regarding business interruption damages, Ps. 142 million were recovered this quarter, reaching 94% of total loss.

It is important to point out that a Ps. 186 million reserve was created during 2017. During the third quarter of this year coverages for business interruptions have exhausted the insured sum.

Credit Rating Agencies

On August 6, Fitch Ratings affirmed the “Stable” outlook for Liverpool, as well as BBB+ and AAA(mex) ratings for debt issuance. On August 28 Standard & Poors (S&P) announced its decision to improve the company’s Outlook to “Stable”, while the debt issuance ratings remain in BBB+ levels overall and mxAAA/mxAA-1+ nationwide.

IFRS 16

IFRS 16 introduces new requirements regarding lessee’s accounting, including significant changes, eliminating the difference between operating and finance lease, the obligation to recognize a right-of-use asset and a lease liability at the commencement date of all leases, except for short-term and low-value assets leases.

El Puerto de Liverpool has decided to adopt the modified hindsight approach at the date of the initial application, which is January 1, 2019. We are in the process of assessing the impacts of adopting IFRS 16 on operating profit and loss, cash flows, financial position and consolidated disclosures. This analysis includes assessing the use of practical files, assessing if it is reasonably certain to exercise an option to extend its lease agreements, and the analysis of any agreement that might include a lease component. It has been ascertained that building lease agreements are the ones that will impact the most once IFRS 16 is adopted.

As of today it is not possible to give a reasonable estimate of the effect that the adoption of IFRS 16 will have; it will be possible once the thorough examination of the impacts of adopting IFRS 16 is concluded.

Analyst Coverage

In compliance with the Mexican Securities Market Act (*Ley del Mercado de Valores*), the Company hereby discloses the list of institutions and financial groups that analyze its financial and operating performance:

Analysts		
Actinver	BX+	Itaú BBA
Bank of America Merrill Lynch	Citi	Morgan Stanley
Banorte IXE	Credit Suisse	Santander
Barclays	GBM	Scotiabank
BBVA Bancomer	HSBC	Vector
BTG Pactual	Intercam	

Company Profile

Stores:			
Liverpool	95	1,495,861 m2	(16,101,310 sq ft)
Fábricas de Francia	41	256,748 m2	(2,763,290 sq ft)
Total Stores	**136**	**1,752,610 m2**	**(18,864,937 sq ft)**
Suburbia Shops	125	467,875 m2	(5,036,166 sq ft)
Shopping malls:	27	625,772 m2	(6,735,754 sq ft)
Boutiques:	111	70,763 m2	(761,687 sq ft)

Credit Card

Number of Cards	3Q18	3Q17	% Change
Liverpool Cards	4,777,335	4,579,655	4.3%
Suburbia Cards	83,917	N/A	N/A

Contacts

José Antonio Diego M. jadiego@liverpool.com.mx +52 55 9156 1060
Enrique M. Griñán G. emgrinang@liverpool.com.mx +52 55 9156 1042

Address: Prolongación Vasco de Quiroga 4800, Torre 2, Piso 3, Col. Santa Fe Cuajimalpa, Ciudad de México, 05348

LIVEPOL

Basic Financial Statements

Income Statement

(million MxPs)	Reported Quarter 3Q18	3Q17	VAR %	Cumulative 2018	2017	VAR %
Total Income	**29,244**	**27,026**	**8.2%**	**87,140**	**77,622**	**12.3%**
Retail & Services	25,546	23,709	7.7%	76,250	67,837	12.4%
Consumer Finance	2,890	2,529	14.2%	8,347	7,452	12.0%
Leasing	809	787	2.7%	2,543	2,333	9.0%
COGS	**17,464**	**16,385**	**6.6%**	**51,976**	**46,140**	**12.6%**
as % of Total Income	59.7%	60.6%		59.6%	59.4%	
Gross Profit	**11,780**	**10,640**	**10.7%**	**35,164**	**31,482**	**11.7%**
Gross Margin	**40.3%**	**39.4%**		**40.4%**	**40.6%**	
SG&A	8,877	8,558	3.7%	26,648	23,820	11.9%
as % of Total Income	30.4%	31.7%		30.6%	30.7%	
Profit from operating activities	**2,903**	**2,082**	**39.4%**	8,516	7,661	11.1%
Finance income	200	179	11.6%	689	453	52.2%
Fir as % of Total Income	663	716	-7.4%	2,096	2,897	-27.7%
Profit of associates	95	122	-21.9%	430	420	2.4%
Profit before taxes	**2,535**	**1,667**	**52.1%**	**7,539**	**5,637**	**33.7%**
Tax expense	618	411	50.5%	1,903	1,387	37.2%
Net profit	**1,917**	**1,256**	**52.6%**	**5,635**	**4,250**	**32.6%**
Net profit attributable to owners of parent	**1,913**	**1,255**	**52.5%**	**5,628**	**4,249**	**32.5%**
Net profit attributable to non-controlling interests	**4**	**1**	**682.4%**	**7**	**1**	**990.3%**
EBITDA	**3,723**	**2,963**	**25.7%**	**10,947**	**9,968**	**9.8%**
as % of Total Income	12.7%	11.0%		12.6%	12.8%	
Same stores growth Liverpool	**6.3%**	**5.1%**		**6.6%**	**5.2%**	
Customer's Portfolio	**30,174**	**29,293**	**3.0%**			

Balance Sheet

(million MxPs)	Sept 18	Sept 17	Chg	% vs YA
Cash / cash equivalent	5,971	10,660	-4,689	-44.0%
Loan portfolio	30,174	29,293	881	3.0%
Inventories	23,616	22,004	1,612	7.3%
Investment in associates	7,844	6,908	936	13.5%
Fixed assets	46,353	43,790	2,563	5.9%
Investment properties	20,034	17,967	2,067	11.5%
Other	28,635	25,871	2,764	10.7%
Total assets	**162,626**	**156,494**	**6,132**	**3.9%**
Suppliers	19,554	18,276	1,279	7.0%
Short term loans	-	2,859	-2,859	-100.0%
Long term loans	29,559	33,029	-3,470	-10.5%
Other liabilities	20,081	20,792	-711	-3.4%
Total liabilities	**69,194**	**74,956**	**-5,762**	**-7.7%**
Stockholders equity	**93,432**	**81,538**	**11,894**	**14.6%**

LIVEPOL

Cash Flow

(Million MxPs)	2018	2017	Change
Operating Income	**8,515.6**	**7,661.5**	**854.1**
Depreciation and amortiza	2,431.0	2,306.1	124.9
EBITDA	**10,946.6**	**9,967.6**	**979.0**
Interests	(1,700.5)	(1,456.6)	(243.9)
Taxes	(3,645.4)	(3,489.6)	(155.8)
Workig Capital	(3,144.0)	(2,604.1)	(539.9)
Other	(413.3)	(1,916.4)	1,503.1
Cashflow from operations	**2,043.5**	**500.9**	**1,542.5**
Capex	(6,257.9)	(4,498.9)	(1,759.0)
Cashflow before dividends	**(4,214.4)**	**(3,997.9)**	**(216.5)**
Dividends	(778.4)	(778.4)	0.0
Cashflow	**(4,992.8)**	**(778.4)**	**(4,214.4)**
Suburbia acquisition	0.0	(18,038.0)	18,038.0
Debt	(5,671.5)	7,900.0	(13,571.5)
Increase / (decrease)	**(10,664.3)**	**(14,914.3)**	**4,250.1**