LIVEPOL

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

RESULTS OF OPERATIONS FOR THE FIRST QUARTER OF 2018

Highlights

Positive:

- **Exchange rate:** the average for the quarter showed the peso to be 7.8% stronger than in the same period of last year.
- Continuing **healthy growth in job creation, total payroll and remittances.**
- **Inflation:** trending toward a year-end level of 4.1%.

Negative:

- **Consumer confidence**: closed the quarter at its lowest level since March 2017. Durable goods purchasing intentions rose 4.0% compared to the same quarter of last year, but dropped 18.6% from their December 31, 2017 level.
- **Consumer credit**: remains on positive ground, but slowed to a current level of less than 10% growth.
- **Benchmark interest rate**: rose to 7.5% after rate hikes totaling 150bp in 2017, plus another 25bp in February of this year.

Company results and outlook:

- **Same-store sales** grew 5.9% excluding Suburbia.
- **Total revenues**, including the integration of Suburbia, grew 22.3% in the quarter.
- **Non-performing loans** ended the quarter at 5.1%, 63bp higher than last year.
- The **EBITDA margin** was 9.4%, down 315bp in this first quarter. Suburbia and one-off effects are responsible for almost 60% of this reduction.
- **Net profit** for the quarter rose 26.7%.
- The Galerías Coapa Liverpool and Suburbia stores and Galerías Coapa shopping center as a whole remained closed until the necessary repairs are carried out following the earthquakes of September 2017.
- The store opening plan for 2018 includes the opening of six Liverpool stores and six Suburbia stores.

Key figures

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

	Quarter		
	1Q18	1Q17	Dif
Total revenue:	**25,262,394**	**20,651,630**	**22.3%**
Commercial (includes services and other)	21,845,774	17,599,011	24.1%
Interest	2,587,596	2,251,717	14.9%
Leasing	829,024	800,902	3.5%
Cost of sales	14,968,927	11,860,232	26.2%
Gross income	**10,293,467**	**8,791,398**	**17.1%**
Gross margin	**40.7%**	**42.6%**	**(1.82)**
Operating expenses	8,746,647	6,869,532	27.3%
Operating income	**1,546,820**	**1,921,866**	**-19.5%**
Net income	1,003,302	792,035	26.7%
EBITDA	**2,373,311**	**2,591,398**	**-8.4%**
EBITDA margin	**9.4%**	**12.5%**	**(3.15)**
Customer's portfolio	**30,043,389**	**27,995,995**	**7.3%**
Same-store growth	**5.9%**	**4.1%**	**1.8 p.p.**

RESULTS

Sales of goods and services

Following the incorporation of Suburbia, total retail revenue in the first quarter grew 24.1%.

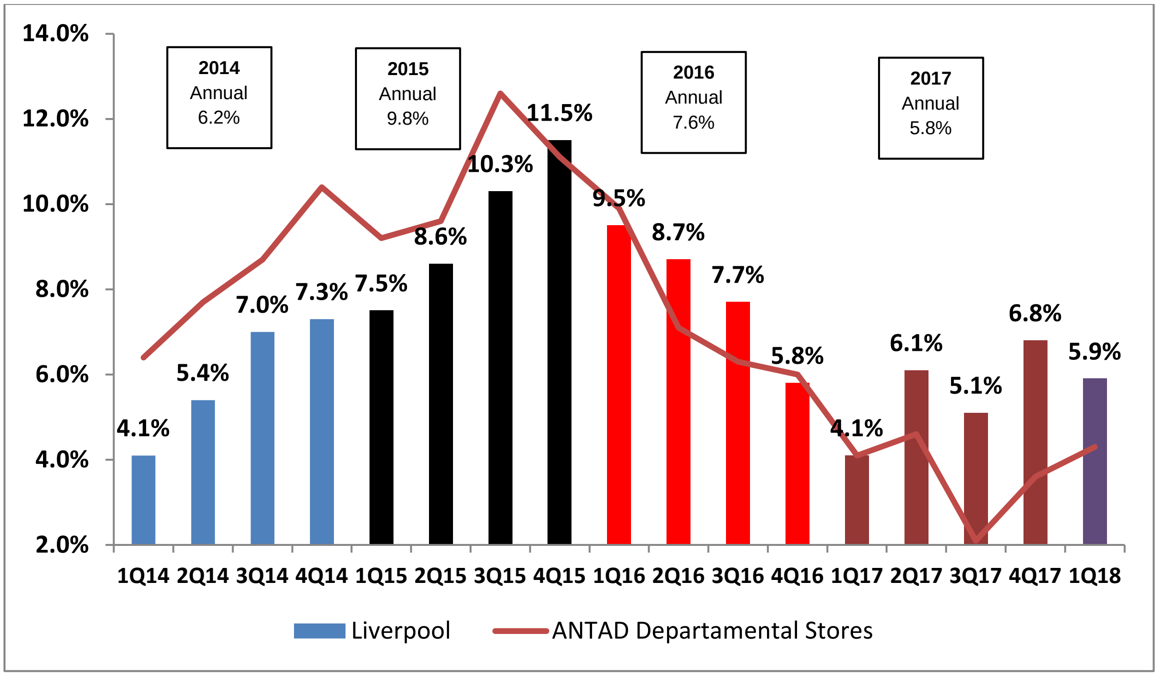
	1Q2018	
(Pesos Thousands)	MPs	Dif.
Organic growth	18,633,417	5.9%
Suburbia	3,212,357	n/a
Total	**21,845,774**	**24.1%**

Same-store sales were up 5.9% for the quarter. For the purposes of perspective, same-store sales for Suburbia (not included in this indicator) rose 17.0% in the quarter.

The figure for March benefited significantly from the shift in the Easter Week holiday and an additional Saturday.

Note that the Coapa Liverpool and Suburbia stores remained closed in the first quarter, and were therefore excluded from the same-store sales figure.

Same-Store Sales Growth (Excluding Suburbia



The average ticket and traffic expanded by 2.5% and 3.4%, respectively. This is the result of a more favorable exchange rate and a recovery in traffic in the first quarter, which is gradually returning to levels reported in previous years.

Figures published by ANTAD (the Spanish acronym for the Mexican Association of Supermarkets and Department Stores) as of March 31, 2018 indicate a 6.2% increase in same-store sales. Specifically, department stores affiliated with that Association report a 4.3% increase in same-store sales.

Note that purchasing decisions for the fall-winter 2017 decision were made assuming an exchange rate above twenty pesos per dollar, which translated into a reduction in the number of items purchased. The result of this was that we went into the sale season with less merchandise than usual. Additionally, various major suppliers had production problems that caused some delays in the receipt of merchandise for the spring-summer 2018 season.

Broken down by category, above-average performance was seen in Menswear, Appliances and Cosmetics; while less robust departments were Children, Women's and Sporting Goods.

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

Omnichannel Strategy

Growth in the e-commerce channel for the first quarter of 2018 was 67.7% compared to 1Q17, while this category accounted for 3.1% of retail revenue. Softline merchandise sales continued to grow at triple-digit rates.

We made significant progress in our Omnichannel strategy in the first quarter, such as: extended catalog sales are now available through more than nine thousand tablets for sales floor staff, an increase in the base of shoppers that have downloaded the app, increased the availability of the "Click & Collect" option to telephone sales. The number of visits to liverpool.com.mx during the quarter more than doubled over the previous year.

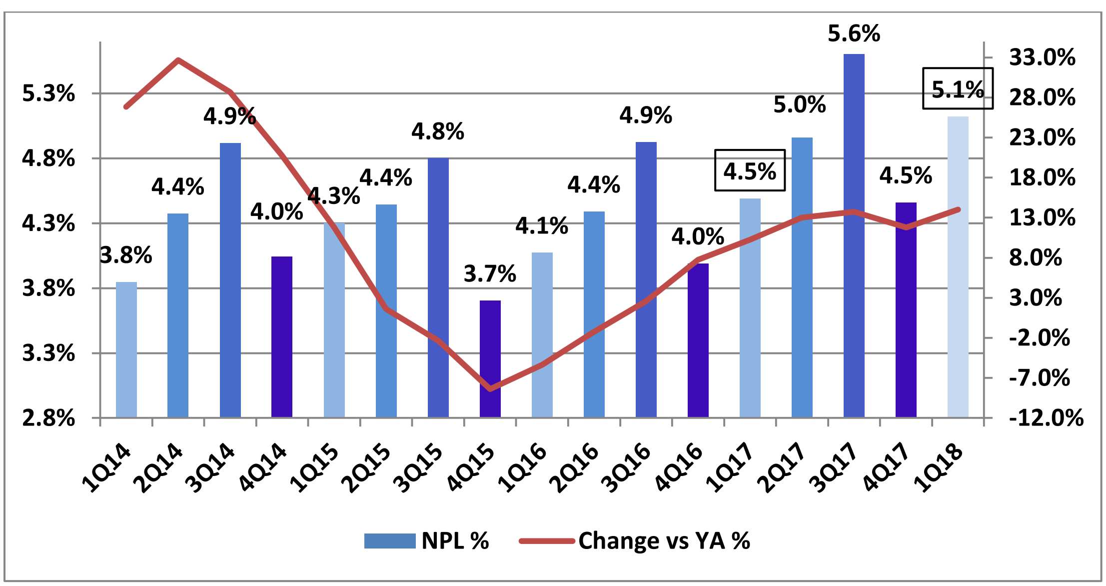
Interest Income and Customer Portfolio

In the first quarter, revenues in our credit division increased 14.9% over the same period of last year. Interests paid by customers grew 23%. The customer portfolio expanded by 7.3% compared to the same quarter of 2017.

In January of this year, Liverpool launched a loyalty program for our store-brand card called "Puntos Rosas" (pink points). Sales on Liverpool credit cards accounted for 43.9% of total sales in the quarter, 90 basis points more than the year before, and a corresponding reduction in the contribution of outside credit cards to total sales.

Credit payments more than 90 days past due accounted for 5.1% of the total portfolio, 63bp higher than at the close of the first quarter of 2017. Measures continue to be taken in new account openings, portfolio administration and collections, in order to contain the rise in past-due accounts.

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



Accumulated past-due account reserves as of March 31 were as follows:

Pesos	Mar 18	Mar 17	Dif %
Initial balance of reserve:	3,098,024	2,516,143	23.1%
(+) New reserves:	736,725	518,107	42.2%
(-) Write off:	(748,637)	(558,729)	34.0%
Ending balance of reserve	**3,086,112**	**2,475,521**	**24.7%**

Leasing

Quarterly leasing revenues saw a 3.5% year-over-year advance. Excluding the Galerías Coapa shopping mall the growth was 8.5%. 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 both for 1Q18 reflects an erosion of 113bp. Excluding Suburbia, the margin declined by 77bp. It is important to bear in mind that this margin got a 150bp boost in 1Q17 from the sale of the Aéropostale and Cole Haan brands. Stripping out this effect from the 2017 results, the organic erosion in the margin would have been 11bp.

Pesos - Thousands	QUARTER		
TOTAL	**1Q18**	**1Q17**	**Dif %**
Retail	21,845,774	17,599,011	24.1%
Cost of goods sold	14,968,927	11,860,232	26.2%
Retail Margin	**31.5%**	**32.6%**	**- 1.13**
Liverpool			
Retail	18,633,417	17,599,011	5.9%
Cost of goods sold	12,700,495	11,860,232	7.1%
Retail Margin	**31.8%**	**32.6%**	**- 0.77**
Suburbia			
Retail	3,212,357		
Cost of goods sold	2,268,432		
Retail Margin	**29.4%**		

Total Gross Margin

This margin shrank by 182bp in the quarter. With the incorporation of Suburbia, the Retail Division accounted for 86.6% of total revenues.

	QUARTER		
As % of total income	**1Q18**	**1Q17**	**VAR bps**
Retail	86.5%	85.2%	1.26
Interest	10.2%	10.9%	- 0.66
Leasing	3.3%	3.9%	- 0.60

Operating Expenses

Operating expenses grew 27.3% in the quarter, or 10.7% excluding Suburbia. The main factors behind the result were: a) provisions for uncollectable accounts; b) the opening of eleven new department stores in 2017, and c) IT expenses.

EBITDA

EBITDA in the first quarter came to Ps. 2.37 billion, 8.4% lower than in the same quarter of 2017. Suburbia contributed Ps. 158 million of this. Quarterly EBITDA excluding Suburbia declined by 14.5% from the first quarter of last year.

The EBITDA margin was 9.4% for the first quarter, 315bp lower than in 1Q17. Excluding Suburbia, the EBITDA margin for the quarter was 10.0%, which is 250bp lower than in the same quarter of 2017. Note that the 2017 base includes the results of the sale of Aéropostale and Cole Haan (Ps. 238 million), while the 2018 numbers are effected by the temporary closures at Coapa (Ps. 80 million). Adjusting for these effects, the erosion of the base business margin would have been 139bp.

EBITDA	**First quarter**		
Pesos - Thousands	**2018**	**2017**	**Increase**
Organic growth	2,214,855	2,591,398	-14.5%
Suburbia	158,456	n/a	n/a
Total	**2,373,311**	**2,591,398**	**-8.4%**

	First quarter		
EBITDA MARGIN	**2018**	**2017**	**Dif**
Organic growth	10.0%	12.5%	(250) bps
Suburbia	4.9%	n/a	n/a
Total	**9.4%**	**12.5%**	(315) bps

Operating Income

Operating income for the first quarter of the year totaled Ps. 1.55 billion, a 19.5% contraction compared to the same quarter of 2017.

Financial Expense and Income

Liverpool reported a net financial expense of Ps. 453 million for the quarter, compared to Ps. 1.30 billion in 1Q17, an amount that included Ps. 895 million in foreign-exchange losses. Net interest expense in the period covered by this report grew 16%, reflecting the higher debt levels associated with the acquisition of Suburbia.

(Pesos Thousands)	QUARTER		
Net Financial Income/(Expense)	**1Q18**	**1Q17**	**Effect**
Interest	(466,995)	(402,374)	**(64,621)**
Exchange Effect	13,909	(894,996)	**908,905**
Total Financial Income/(Expenses)	**(453,086)**	**(1,297,370)**	**844,284**

Equity in the results of associated companies and joint ventures

During the quarter covered by this report, this line decreased by 31.2%, to Ps. 173.5 million, due primarily to the peso's appreciation and the economic situation in the Caribbean, Central and South America.

Taxes

The effective tax rate is 22.5%.

Net income

Majority net income in the first quarter totaled Ps. 1.00 billion, 26.7% higher than in the same quarter of 2017, due in large part to the foreign-exchange losses reported last year.

BALANCE SHEET

Cash and Short-Term Investments

The balance of this account as of March 31, 2018 was Ps. 10.65 billion. Of this amount, 11.5% 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. 19.69 billion at the close of the quarter, 19.8% higher than the year-earlier amount. Excluding Suburbia, inventory increase was 4.0%.

As for supplier accounts payable, the balance at the close of the quarter stood 34.2% higher than in the same quarter of 2017, totaling Ps. 16.8 billion pesos, including the incorporation of Suburbia. The organic growth on this line was 15.5%.

Cost-Bearing Debt and Cash Flow

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

Pesos	Mar 18	Mar 17	Dif %
Cost bearing debt	(33,349,651)	(31,556,731)	5.7%
Financial derivative instruments acquired for hedging purposes	537,717	871,557	-38.3%
TOTAL	(32,811,934)	(30,685,174)	6.9%

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 January 22 of this year, we made an advance payment of Ps. 1.25 billion toward the balance of a syndicated loan for Ps. 5.0 billion taken out in March of last year. This is the second advance payment on the loan; the first was made on December 21, 2017 same amount.

The gross and net leverage ratios (gross and net debt to EBITDA) at the close of the first quarter were 1.89 times and 1.27 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 March 31st, 2018, Liverpool had invested a total of Ps. 1.58 billion in capital expenditures.

Expansions and recent events

The 2018 opening plan incorporates six 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
3. Mérida Cabo Norte, Yucatán
4. Monclova, Coahuila
5. Fresnillo, Zacatecas
6. Atlixco, Puebla

Suburbia Stores:

The plan is to open six stores in 2018; the locations will be announced as the year progresses.

Remodeling and expansions:

1. Liverpool Perisur and Centro Comercial (Shopping Mall) Perisur
2. Liverpool and Centro Comercial Galerías Monterrey
3. Liverpool and Centro Comercial Plaza Satélite
4. Centro Comercial Galerías Insurgentes

Capex 2018

Our investment plan for 2018 provides for Capex of Ps. 12 billion pesos, which will be applied to: a) the above-mentioned openings; b) the Galerías Santa Anita shopping center in Guadalajara, planned for opening in 2019; c) investment required for openings in 2019; d) the "Arco Norte" logistical project; e) the investment required to reopen three locations in Coapa; and f) investment in IT to continue the Omnichannel initiative and upgrade the Suburbia systems platform.

Debt maturities in 2018

In 2018, we have the following debt maturities coming due: a) quarterly principal payments of Ps. 625 million in total toward the balance of a syndicated loan, b) expiration of a bank loan of Ps. 921 million due the first of June; and c) maturity of the LIVEPOL08 bond on August 24, for Ps. 1.0 billion.

Suburbia

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

September 19 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 the repair work 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 31, and Galerías Coapa facilities by August 31, 2018, while the Suburbia store will re-open its doors in 2019.

Liverpool has insurance for both the property damage and business interruption. As we mentioned earlier, a Ps. 285 million provision was created in 2017 to cover deductibles and other minor expenses. As of the date of this report, we received insurance payments totaling Ps. 55 million pesos during the first quarter of 2018, in addition to the Ps. 147 million received in 2017 as a partial recovery for the negative effects of business interruption.

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

About the Company

El Puerto de Liverpool, S.A.B. de C.V.: (as of March 31, 2018)

Department stores:		
Liverpool	90	1,439,456 m2
Fábricas de Francia	41	257,023 m2
Total Department Stores	**131**	**1,696,479 m2**
Suburbia	124	465,415 m2
Shopping Centers:	27	520,031 m2
Boutiques:	116	76,053 m2

Credit Cards

Number of Cards	1T 2018	1T 2017	% Chge.
Liverpool Cards	4,714,555	4,344,937	8.5%

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