LIVEPOL

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

RESULTS OF OPERATIONS FOR THE FIRST QUARTER OF 2019

Macroeconomic Highlights

Positive:

- **The consumer confidence index** remains quite high despite a 3% reduction compared to the preceding month, when it reached its highest level since August 2001
- **Exchange rate:** the quarterly average shows a 2.5% depreciation compared to the same period of last year.
- **Inflation** for the last twelve months closed the quarter at 4.0%, 1 ppt. higher than it stood a year ago, within Banxico's target range.
- **Real wages** showed signs of recovery, with an average 6.5% increase in March.
- **Consumer credit**: the year-over-year growth in the balance of the consumption credit portfolio in nominal terms was 6.2% as of February 2019.
- In the last three months reported, **wage remittances** continued to grow at a solid rate. Compared to the same period of last year, in peso terms growth for the quarter was 10.9%.

Negative:

- **Benchmark interest rate**: During this period, Banxico kept the benchmark rate at 8.25%.
- **Formal job creation:** the March report signaled the lowest creation of jobs since 2009. For the first three months of the year, the number was the lowest since 2014.

Company results and outlook:

In order to maintain comparability with last year's figures, the following comments **do not take into account** the effects of the new IFRS 16 - Leases. The effects of this new reporting standard are described in a paragraph toward the end of the report.

- **Same-store sales for Liverpool** grew 4.9% during the quarter
- **At Suburbia, same-store sales** sank -0.5% in the quarter.
- **Total revenues** for the quarter were up 8.7%.
- **The EBITDA margin** in the quarter was 9.1%, 20bp lower than the year before
- **Non-performing loans** ended the quarter at 5.2%, unchanged from the same quarter of 2018.
- **Net profit** was off 3.4% in the quarter.

Key figures

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

Million pesos	2019	2018	VAR %	2019 with IFRS 16	VAR %	Income with IFRS 16 Effects
Total revenue:	**27,469.3**	**25,262.4**	**8.7%**	**27,469.3**	**8.7%**	
Commercial (includes services and other)	23,438.2	21,845.8	7.3%	23,438.2	7.3%	
Interest	3,155.4	2,587.6	21.9%	3,155.4	21.9%	
Leasing	875.7	829.0	5.6%	875.7	5.6%	
Cost of sales	16,409.5	14,968.9	9.6%	16,409.5	9.6%	
Gross income	**11,059.8**	**10,293.5**	**7.4%**	**11,059.8**	**7.4%**	
Gross margin	40.3%	40.7%	(0.5 p.p)	40.3%	(0.5 p.p)	
Total operating expenses	**9,427.2**	**8,746.6**	**7.8%**	**9,266.2**	**5.9%**	**161.0**
Operating Expenses	8,554.0	7,941.2	7.7%	8,106.7	2.1%	447.3
Depreciation & Amortization	873.2	805.4	8.4%	1,159.5	44.0%	(286.3)
Operating income	**1,632.6**	**1,546.8**	**5.5%**	**1,793.6**	**16.0%**	**161.0**
Financing Expense	411.3	482.4	-14.7%	675.4	40.0%	(264.0)
Net income	1,036.9	1,003.3	3.4%	960.9	(4.2%)	(76.1)
EBITDA	**2,505.8**	**2,352.3**	**6.5%**	**2,953.1**	**25.5%**	**447.3**
EBITDA margin	**9.1%**	**9.3%**	**(0.2 p.p)**	**10.8%**	**1.4 p.p.**	
Customer's portfolio	**31,204.6**	**30,043.4**	**3.9%**			
Accounts Overdue (NPLs)	5.2%	5.1%	0.1 p.p.			
Same-store growth Liverpool	**4.9%**	**5.9%**	**(1.0 p.p)**			
Same-store growth Suburbia	**(0.5%)**	**17.1%**	**(17.6 p.p)**			
Same-store growth Total	**4.1%**	**7.5%**	**(3.4 p.p)**			

RESULTS

I. Sales of goods and services

Total retail revenue in the first quarter grew 7.3%.

Millions pesos	QUARTER		
Commercial Revenues	**2019**	**2018**	**VAR %**
Liverpool	20,090.2	18,633.4	7.8%
Suburbia	3,348.0	3,212.4	4.2%
Total	**23,438.2**	**21,845.8**	**7.3%**

During the quarter there were negative effects common to both formats. The gasoline supply crisis of mid-January hurt store traffic and, given the scheduling of seasonal discounts, it also had a negative effect on the retail margin. Easter week 2019 fell in the month of April, with a negative effect primarily on clothing categories. On other hand, there was an extra Sunday in March this year.

Liverpool

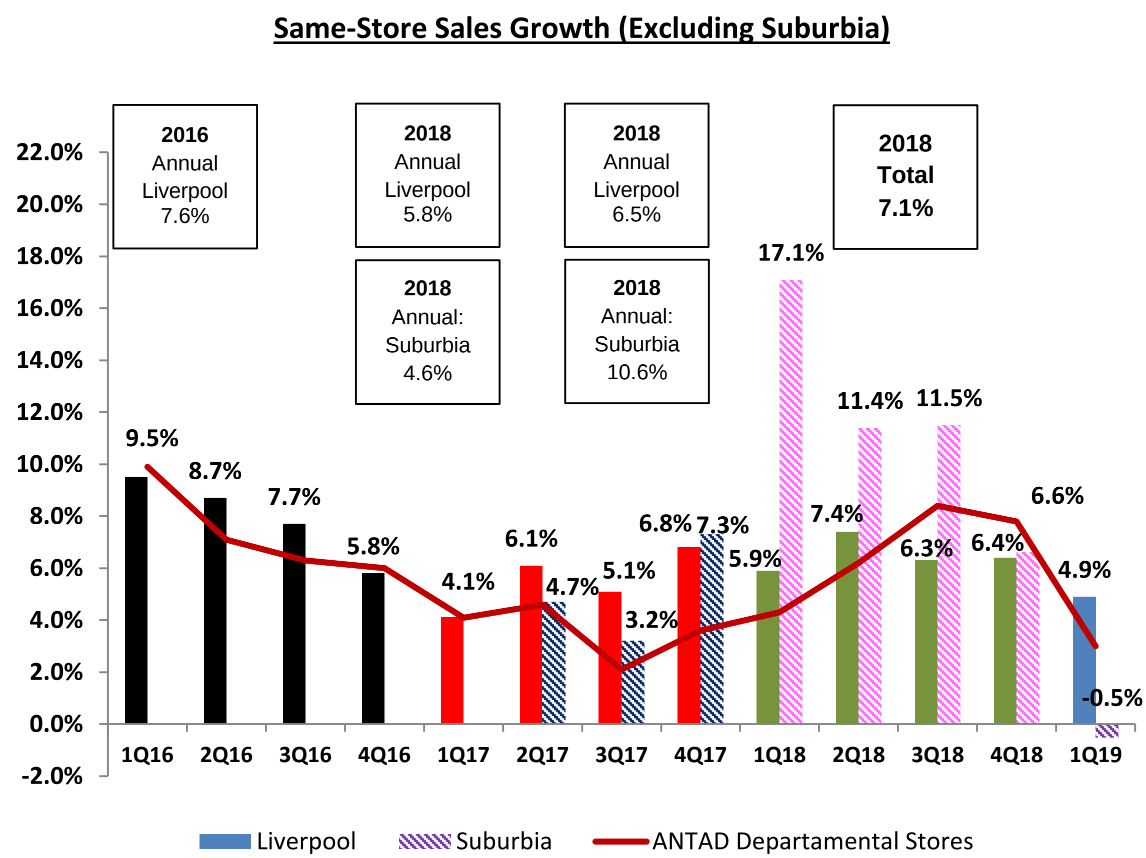
Same-store sales were up 4.9% for the quarter.

The average ticket at Liverpool grew 5.7% while traffic decreased 0.7%. Broken down by product category, Furniture, Multimedia, and Sporting Goods all outperformed the average, while Cosmetics, Children and Women's Wear were less robust.

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

Suburbia

Same-store sales declined 0.5% in the quarter. Note that the comparative base in the first quarter of 2018 incorporated a 17.1% growth, which is a high mark to beat. Suburbia, on the other hand, had a good start to the winter season, even restocking inventories of this type of merchandise, but during the rest of the winter season high temperatures affected our ability to move this apparel.



Note that the Galerías Coapa Suburbia store remains closed, so this is excluded from the calculation of same-store sales. Liverpool Coapa, which reopened its doors on October 31, 2018, is also excluded.

Figures published by ANTAD as of March 31, 2019 showed quarterly growth of 2.1% in nominal same-store sales terms. Overall, department stores affiliated with ANTAD reported same-store sales growth of 3.0% in the first quarter. The clothing and footwear category declined by 0.7%.

II. Omnichannel Business

We continue to advance in the development of our omnichannel strategy. Visits to the website at *liverpool.com.mx* grew by almost 50% in the first quarter of 2019. We have incorporated tools for monitoring and following up on incomplete orders, in order to increase the conversion rate.

Downloads of our App (Liverpool Pocket) increased 71%. Extended catalog sales, through floor salespeople using more than 9,000 tablets, doubled compared to the previous year.

Marketplace is one of our most important initiatives for 2019. It was launched in November and, although it is in the its initial stages, its key indicators are well ahead of our plans.

Our department stores play an important role in the process of stocking articles for later shipment to clients' addresses. We are optimizing those processes and continue to work to find the right balance between filling an order from the store and filling it from a central warehouse, to improve our customers' delivery experience.

We also continue to work on our Single Customer project, developing new analytical and Big Data capacities. This program aims to place the client at the center of all our actions and personalize all interactions through all our customer service channels.

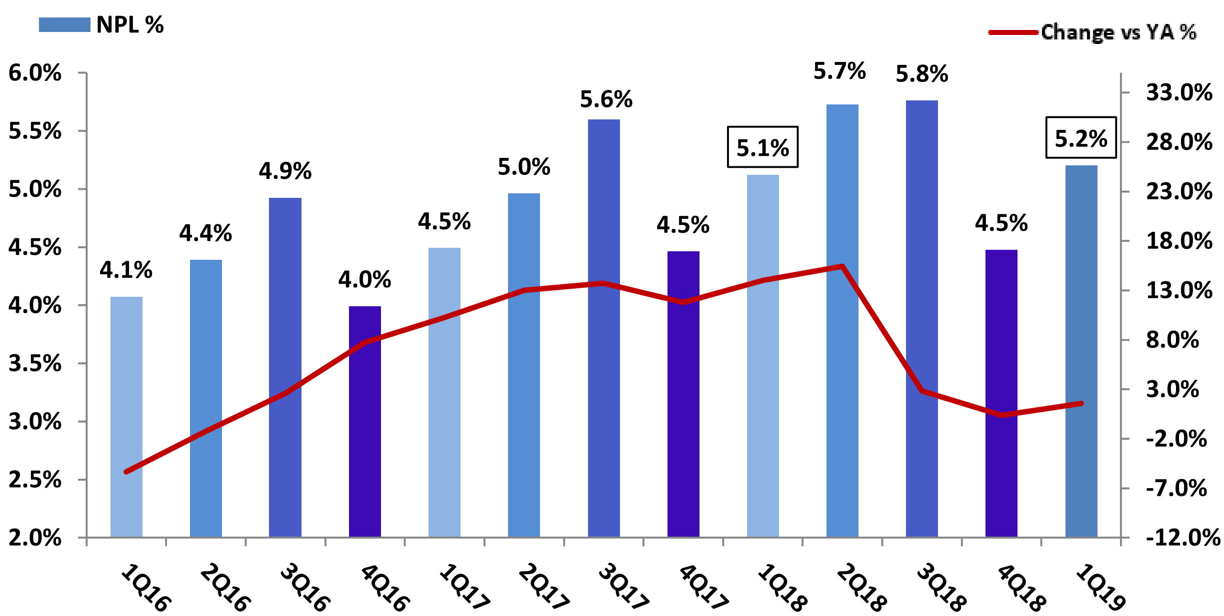
III. Financial Businesses

Interest Income and Customer Portfolio

In the first quarter, revenues in our credit division increased 21.9% over the same period of last year. The customer portfolio expanded by 3.9% year-over-year.

Credit payments more than 90 days past due made up 5.2% of the total portfolio, stable against the same quarter of 2018. The pace of year-over-year growth in non-performing loans has reached its lowest level in ten quarters. Measures taken starting last year in terms of new account openings, as well as improvement in conduct and collections model for managing the portfolio, bore fruit in the form of lower loan delinquency rates.

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



Accrued non-performing loan reserves as of March 31 were as follows:

Million Pesos	QUARTER 2019	2018	VAR %
Initial balance of reserve:	3,982.3	3,085.7	29.1%
(+) New reserves:	805.5	749.1	7.5%
(-) Write off:	(773.9)	(748.5)	3.4%
Ending balance of reserve	**4,013.8**	**3,086.2**	**30.1%**

The accrued share of sales transacted using Liverpool store cards was 45.8% of total sales, unchanged against the year-earlier quarter.

The Suburbia card contributed 8.8% of quarterly sales. At the close of March we had 351,000 accounts and a portfolio totaling more than Ps. 690 million.

IV. Leasing

Quarterly leasing revenues saw a 5.6% year-over-year advance. Occupancy levels in the shopping centers are around 95.3%.

V. Cost of Goods Sold and Gross Margin

Retail Margin

The above-mentioned factors that influenced sales (gasoline supply problems, winter season and Easter Week) had a negative effect on the retail margin, which narrowed by 150bp in 1Q19.

Million pesos	2019	2018	Dif %
Commercial sales	23,438.2	21,845.8	7.3%
Cost of goods sold	16,409.5	14,968.9	9.6%
Commercial margin	**30.0%**	**31.5%**	**(1.5 p.p)**

Consolidated Gross Margin

The first-quarter gross margin shrank by 50bp. The Retail Division accounted for 85.3% of total revenues, 120bp less than in the same period of 2018:

	QUARTER		
As % of total income	2019	2018	VAR p.p.
Retail	85.3%	86.5%	(1.2 p.p)
Interest	11.5%	10.2%	1.2 p.p.
Leasing	3.2%	3.3%	(0.1 p.p)

Operating Expenses before Depreciation

We continue with our expenses reduction plan. In the first quarter, operating expenses before depreciation rose 7.7%. The main factors behind the increase were: a) the hike in the minimum wage and its repercussions in other salary brackets; b) increases in electricity costs; c) opening expenses; and d) IT expenses.

VII. EBITDA

EBITDA for the first quarter of 2019 totaled Ps. 2.50 billion, 6.5% higher than in the same quarter of 2018. The quarterly EBITDA margin was 9.1%, a 20pb decline from the same period of 2018.

VIII. Operating Income

For the first quarter of 2019, operating income was Ps. 1.63 billion, an increase of 5.5% compared to the same period of last year.

IX. Financial Expense and Income

For this quarter, our net financial expense was Ps. 411 million, compared to Ps. 482 million in the same period of 2018.

Million pesos	QUARTER		
Net Financial Income/(Expense)	2019	2018	Effect
Interest	(403.6)	(467.0)	(13.6%)
Exchange Effect	(7.8)	(15.4)	(49.3%)
Total Financial Income/(Expense)	**(411.3)**	**(482.4)**	**(14.7%)**

X. Equity in the results of associated companies and joint ventures

During the quarter covered by this report, this line declined by 29.2% to Ps. 122.9 million. This was due primarily to political and economic problems in Nicaragua, one of Unicomer's most important markets.

XI. Taxes

The effective income tax rate for the quarter was 25.3%.

XII. Net income

Majority net income in the first quarter totaled Ps. 1.04 billion, 3.4% higher than in the same quarter of 2018.

XIII. Balance Sheet

Cash and Short-Term Investments

The balance of this account as of March 31, 2019 was Ps. 9.53 billion. Of this amount, 23.9% was invested in foreign currency (primarily USD).

Inventory and Accounts payable

Inventory totaled Ps. 21.48 billion at the close of the first quarter, 9.1% higher than the year-earlier amount.

The balance of supplier accounts payable was Ps. 16.99 billion, a 1.4% increase over the first quarter of 2018.

Cost-Bearing Debt and Cash Flow

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

Million Pesos	2019	2018	VAR %
Cost bearing debt	(30,246.8)	(33,349.7)	(9.3%)
Financial derivative instruments acquired for hedging	1,852.7	690.3	168.4%
TOTAL	**(28,394.1)**	**(32,659.3)**	**(13.1%)**

*MTM Cross currency swap

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. At the same time, 100% of our debt is at a fixed rate. There are no debt maturities coming due in 2019.

The gross and net leverage ratios (gross and net debt to 12-month EBITDA) at the close of the first quarter were 1.36 and 0.91 times, respectively. These ratios have been calculated taking into account a mark-to-market valuation of the hedge instruments shown in the table above.

Cashflow (Million Pesos)	2019	2018	2019 with IFRS
Operating income	**1,632.6**	**1,546.8**	**1,793.6**
Depreciation and amortization	873.2	805.4	1,159.5
EBITDA	**2,505.8**	**2,352.3**	**2,953.1**
Interests	(296.2)	(408.6)	(296.2)
Taxes	(922.8)	(1,982.1)	(922.8)
Working capital	(2,436.5)	(1,624.9)	(2,436.5)
Other	(1,244.4)	(1,338.9)	(1,244.4)
Cashflow from operations	**(2,394.2)**	**(3,002.3)**	**(1,947.0)**
Capex	(1,608.9)	(1,577.3)	(1,608.9)
Cashflow	**(4,003.1)**	**(4,579.7)**	**(3,555.9)**
Paid Loans	-	(1,406.3)	-
Lease liabilities	-	-	(447.3)
Increase / (Decrease)	**(4,003.1)**	**(5,985.9)**	**(4,003.1)**

XIV. Capital Expenditures

As of March 31, 2019, the company had invested a total of Ps. 1.61 billion in capital expenditures. Out of this, almost 50% is related to openings, Arco Norte included, and 35% in remodeling and expansions.

XV. Dividends

The General Shareholders' Meeting held March 7 declared a dividend of Ps. 1.48 billion, equivalent to 12.6% of net income in 2018. This will be paid in two installments, the first on May 24 for a total of Ps. 885.8 million, and the balance on October 11 of this year.

XVI. Effect of IFRS 16 on the Income Statement and Balance Sheet

The adoption of the new IFRS 16 standard had a negative effect on the Income Statement, totaling Ps. 76 million, or 7.3% of net income; at the EBITDA level, however, the effect was positive by Ps. 447 million, or 17.9% of the total.

Income Statement
IFRS 16 Effects
Million Pesos

Operating expenses	
Leasing-equipment	377.4
Leasing-building	69.9
Depreciation and amortization	(286.3)
Financial Expenses	
Interests	(264.0)
Associated companies	(3.4)
Pre-tax effect	(106.5)
Taxes	30.4
IFRS 16 effect in 1Q2019	(76.1)

It is important to note that IFRS 16 effects on associated companies are only reflected in Sfera. Unicomer figures do not reflect such effects.

The balance sheet reflects a right-to-use asset of Ps. 11.32 billion pesos, and a lease liability of Ps. 11.43 billion.

Balance Sheet IFRS 16 Effects Million Pesos	2019	2018	Dif
Cash / cash equivalent	9,532.4	10,649.2	(1,116.8)
Loan portfolio	31,204.6	30,043.4	1,161.2
Inventories	21,477.7	19,692.6	1,785.1
Investmen in associates	8,633.5	7,595.2	1,038.3
Fixed assets	47,330.1	44,449.2	2,880.9
Right of use assets	11,323.4	0.0	11,323.4
Investment properties	21,081.3	19,094.5	1,986.8
Other	28,552.1	28,630.5	(78.4)
Total Assets	**179,135.0**	**160,154.5**	**18,980.5**
Suppliers	16,988.4	16,759.0	229.4
Short term loans	0.0	2,546.5	(2,546.5)
Long termn loans	30,246.8	30,803.2	(556.4)
Lease liabilities	11,426.4	0.0	11,426.4
Other liabilities	20,753.0	21,760.8	(1,007.9)
Total Liabilities	**79,414.5**	**71,869.5**	**7,545.1**
Stockholders' equity	**99,720.4**	**88,285.0**	**11,435.4**

XVII. Expansions and recent events

The 2019 opening plan incorporates three new Liverpool stores along with sixteen Suburbia stores. As of the date of this report we have the following openings, remodels and expansions:

	2019 Openings
Liverpool Stores:	
Monclova, Coahuila	Opened April 4
Guanajuato, Guanajuato	Opened April 9
Remodeling and openings (in process):	
Liverpool Perisur and Centro Comercial Perisur	
Liverpool and Centro Comercial Galerías Monterrey	
Liverpool and Centro Comercial Plaza Satélite	
Centro Comercial Galerías Insurgentes	

XVIII. Conversion of Fábricas de Francia stores to Liverpool and Suburbia

As of the date of this report, we have converted 23 Fábricas de Francia stores to Liverpool stores. The Lago de Guadalupe and Chimalhuacán stores closed their doors permanently on January 31, 2019.

In the process of converting Suburbia stores, three are complete: Apizaco (February 14), Plaza Central (March 27) and Tonalá (March 29). Another five are in the process of conversion.

The store conversion plan will conclude in the third quarter of 2019.

XIX. 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:

Analysts		
Actinver	Citi	Itaú BBA
Bank of America Merrill Lynch	Credit Suisse	JP Morgan
Banorte IXE	GBM	Monex
Barclays	Goldman Sachs	Santander
BBVA Bancomer	HSBC	Scotiabank
BTG Pactual	Intercam	Vector

XX. About the Company

El Puerto de Liverpool, S.A.B. de C.V. (as of March 31, 2019):

Department Stores:		
Liverpool	110	1,616,653 m2
Fábricas de Francia	16	101,420 m2
Total Department Stores	**126**	**1,718,074 m2**
Suburbia Stores	138*	511,006 m2
Shopping Centers:	27	674,193 m2
Boutiques:	123	75,014 m2

*Includes five stores in conversion process

XXI. Credit Cards

Number of cards	1Q19	1Q18	% Chge.
Liverpool	4,797,150	4,714,555	1.8%
Suburbia	351,846	N/A	N/A

Contacts

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Appendix - Basic Financial Statements

Balance Sheet

Million Pesos	2019	2018	Dif
Cash / cash equivalent	9,532.4	10,649.2	(1,116.8)
Loan portfolio	31,204.6	30,043.4	1,161.2
Inventories	21,477.7	19,692.6	1,785.1
Investmen in associates	8,633.5	7,595.2	1,038.3
Fixed assets	47,330.1	44,449.2	2,880.9
Right of use assets	11,323.4	0.0	11,323.4
Investment properties	21,081.3	19,094.5	1,986.8
Other	28,552.1	28,630.5	(78.4)
Total Assets	**179,135.0**	**160,154.5**	**18,980.5**
Suppliers	16,988.4	16,759.0	229.4
Short term loans	0.0	2,546.5	(2,546.5)
Long termn loans	30,246.8	30,803.2	(556.4)
Lease liabilities	11,426.4	0.0	11,426.4
Other liabilities	20,753.0	21,760.8	(1,007.9)
Total Liabilities	**79,414.5**	**71,869.5**	**7,545.1**
Stockholders' equity	**99,720.4**	**88,285.0**	**11,435.4**

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Income Statement
Millions of pesos

	2019	2018	% VAR.	Income with IFRS 16 Effects	2019 with IFRS 16	% VAR.
Retail Income	**23,438.2**	**21,845.8**	**7.3**		**23,438.2**	**7.3**
Leasing Income	**875.7**	**829.0**	**5.6**		**875.7**	**5.6**
Interest Income	**3,155.4**	**2,587.6**	**21.9**		**3,155.4**	**21.9**
Total Income	**27,469.3**	**25,262.4**	**8.7**		**27,469.3**	**8.7**
COGS	(16,409.5)	(14,968.9)	9.6		(16,409.5)	9.6
Commercial Gross Profit	**11,059.8**	**10,293.5**	**7.4**		**11,059.8**	**7.4**
Commercial Margin	30.0%	31.5%	(1.5 p.p)		30.0%	(1.5 p.p)
Net Gross Profit	**11,059.8**	**10,293.5**	**7.4**		**11,059.8**	**7.4**
Gross Margin	40.3%	40.7%	(0.5 p.p)		40.3%	(0.5 p.p)
Operating expenses without depreciation, overdue accounts and one time provisions	**(7,748.5)**	**(7,192.1)**	**7.7**	**447.3**	**(7,301.3)**	**1.5**
Provisions for overdue accounts	**(805.5)**	**(749.1)**	**7.5**	**-**	**(805.5)**	**7.5**
EBITDA Expenses	**(8,554.0)**	**(7,941.2)**	**7.7**	**447.3**	**(8,106.7)**	**2.1**
Depreciation & Amortization	(873.2)	(805.4)	8.4	(286.3)	(1,159.5)	44.0
Net Operating Expenses	**(9,427.2)**	**(8,746.6)**	**7.8**	**161.0**	**(9,266.2)**	**5.9**
Consolidated Operating Income	1,632.6	1,546.8	5.5	161.0	1,793.6	**16.0**
Consolidated EBITDA	**2,505.8**	**2,352.3**	**6.5**	**447.3**	**2,953.1**	25.5
Consolidated EBITDA Margin	9.1%	9.3%	(0.2 p.p)	1.7 p.p.	10.8%	1.4 p.p.
Financing expense	**(403.6)**	**(467.0)**	**(13.6)**	**(264.0)**	**(667.6)**	**43.0**
Foreign exchange gain	**(7.8)**	**(15.4)**	**(49.3)**	**-**	**(7.8)**	**(49.3)**
Profit before income tax	**1,221.3**	**1,064.5**	**14.7**	**(103.1)**	**1,118.2**	**5.0**
Income Tax	(309.6)	(239.7)	29.1	30.4	(279.2)	16.5
Effective Rate	25.3%	22.5%		(0.3 p.p)	25.0%	
Net Income before Investment in Associates	**911.7**	**824.8**	**10.5**	**(72.7)**	**839.0**	**1.7**
Investment in Associates	**126.3**	**173.5**	**(27.2)**	**(3.4)**	**122.9**	**(29.2)**
Net Income	**1,038.0**	**998.2**	**4.0**	**(76.1)**	**961.9**	**(3.6)**
Non-controlling Net Income	**(1.0)**	**5.1**	**(120.4)**	**-**	**(1.0)**	**(120.4)**
Controlling Net Income	**1,036.9**	**1,003.3**	**3.4**	**(76.1)**	**960.9**	**(4.2)**

Liverpool

Grupo BMV

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Cashflow
Millions of pesos

	2019	2018	2019 with IFRS 16
Operating income	**1,632.6**	**1,546.8**	**1,793.6**
Depreciation and amortization	873.2	805.4	1,159.5
EBITDA	**2,505.8**	**2,352.3**	**2,953.1**
Interests	(296.2)	(408.6)	(296.2)
Taxes	(922.8)	(1,982.1)	(922.8)
Clients	5,073.9	5,358.0	5,073.9
Inventaries	(804.5)	(1,206.2)	(804.5)
Suppliers	(6,706.0)	(5,776.8)	(6,706.0)
Other	(1,244.4)	(1,338.9)	(1,244.4)
Cashflow from operations	**(2,394.2)**	**(3,002.3)**	**(1,947.0)**
Capex	(1,608.9)	(1,577.3)	(1,608.9)
Cashflow	**(4,003.1)**	**(4,579.7)**	**(3,555.9)**
Paid Loans	-	(1,406.3)	-
Lease liabilities	-	-	(447.3)
Increase / (Decrease)	**(4,003.1)**	**(5,985.9)**	**(4,003.1)**