

Grupo Sanborns S.A.B. de C.V.

Earnings Report

1Q 2019

Mexico City, April 25, 2019 – Grupo Sanborns, S.A.B. de C.V. (BMV: GSANBOR OTC: GSAOY) announced today its results for the first quarter of 2019.

HIGHLIGHTS WITH IFRS 16

- Financial Statements 2019 and 2018 are comparable and consider the application of IFRS-16 using the retrospective method.
- **Total sales** increased 0.8% during the 1Q19 totaling Ps. 11,478 million.
- Consolidated **gross margin** stood in 39.4%.
- The **loan portfolio** reached Ps. 11,734 million and the percentage of non-performing loans improved to 4.2%.
- During the quarter, 9 iShop stores were opened. This year we estimate to open 11 additional stores and renovate 13 units of this format.
- On next Monday, April 29, 2019, the Annual Ordinary Shareholders Meeting will be held, where de payment of a cash dividend of **Ps. 0.92 (zero pesos 92/100 M.N) per share** from the balance of the net fiscal profit account of the year 2013 and previous, will be proposed for its authorization. This will be divided in two equal exhibitions of Ps. 0.46 (zero pesos 46/100 M.N.) per share each.

FINANCIAL SUMMARY (Million pesos, MM MXN)

Consolidated Results	1Q19	1Q18	Var%
Revenues	11,478	11,385	0.8%
Gross Profit	4,521	4,484	0.8%
Operating Income	861	1,005	-14.3%
Controlling Net Income	535	733	-27.1%
Control. Net Income ex IFRS16	548	674	-18.7%
EBITDA	1,394	1,470	-5.2%
EBITDA excluding IFRS16	1,078	1,161	-7.2%
Gross Margin	39.4%	39.4%	
Operating Margin	7.5%	8.8%	
EBITDA Margin	12.1%	12.9%	
EBITDA Margin ex IFRS16	9.4%	10.2%	

TOTAL AND SAME STORE SALES (SSS)

During the first quarter of the year, the **total sales** of Grupo Sanborns amounted to Ps. 11,478 million, which meant Ps. 93 million more or an increase of 0.8%. This was due to non-comparable stores.

GROSS PROFIT AND OPERATING EXPENSES (SG&A)

Gross profit improved 0.8% totaling Ps. 4,521 million. The gross margin was 39.4% and remained constant compared to the 1Q18. By format, the gross profit remained stable in Promotora Musical, while it increased 10 percentage points in Sanborns and decreased by 10 percentage points in Sears.

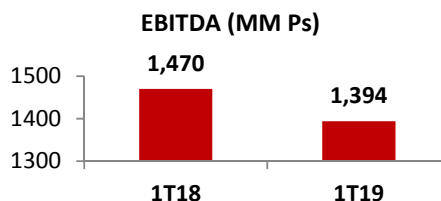
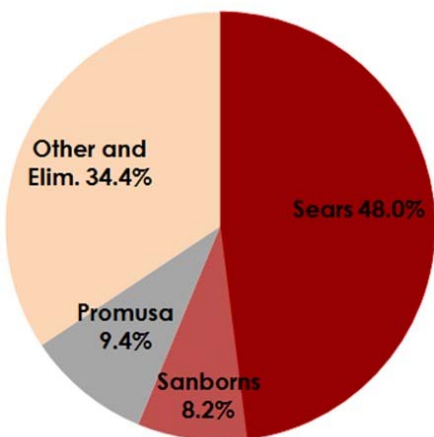
Operating and administrative expenses increased from 30.5% to 31.9% of sales. Higher provisions and uncollectible credit accounts, increases in energy rates and higher salaries and wages explained this variation.

OPERATING INCOME AND EBITDA

Operating income decreased 14.3% to Ps. 861 million. The operating margin was 7.5% versus 8.8% last year.

Quarterly **EBITDA** decreased 5.2% totaling Ps. 1,394 million, with a margin of 12.1%. Quarterly EBITDA figures without considering the accounting changes in IFRS 16 were Ps. 1,078 million in the 1Q19, compared to Ps. 1,161 million in the 1Q18, with margins of 9.4% and 10.2%, respectively.

Operating Income Breakdown
Grupo Sanborns 1Q19



COMPREHENSIVE FINANCIAL RESULT (CFR)

A **Comprehensive financial cost (CFC)** of Ps. 101 million was recorded, which was higher than the CFC for the same period of the previous year, which was Ps. 13 million. This was due to higher net interest paid, but mainly because there was a higher exchange rate gain the previous year derived from IFRS 16.

(MM MXN)			
Financial Results	1Q19	1Q18	Var%
Interest Expenses	-178	-160	10.9%
Interest Income	65	53	21.4%
Interest (net)	-113	-107	5.6%
ForEx Results	11	93	-87.8%
CFR	-101	-13	660.4%

NA= Not applicable

NET INCOME

Due to lower operating results, **Controlling Net Income** decreased 27.1% in the 1Q19 totaling Ps. 535 million, compared to Ps. 733 million recorded in the 1Q18. Quarterly net income figures without considering the accounting changes in IFRS 16 were Ps. 548 million in the 1Q19, compared to Ps. 674 million in the 1Q18.

CREDIT BUSINESS

A total of **224 thousand new cardholders** were added, bringing the number of own cards to 4.21 million, compared to 3.99 million at the end of March 2018.

The **delinquency rate is below competitors**, with the NPLs percentage over 90 days of 4.2% while in the 1Q18 it was 4.5%.

The **loan portfolio** remained relatively constant with a variation of -0.9% totaling Ps. 11,734 million. Credit Income went from Ps. 968 to Ps. 1,038 million, which meant an increase of 7.2% in the 1Q19.

Credit Indicators	1Q19	1Q18	Var%
Credit Portfolio (MM Ps)	11,734	11,839	-0.9%
Num. Credit cards issued (MM)	4.21	3.99	5.6%
Non-performing loans (%)	4.2%	4.5%	

DEBT

Grupo Sanborns had a **debt** of Ps. 100 million as of March 31, 2019, while the amount of cash totaled Ps. 860 million compared to Ps. 2,478 million at the end of December 2018. This decrease of Ps. 1,618 million in cash was due to the payment of suppliers and the opening of stores during the quarter.

CAPITAL EXPENDITURES (CapEx)

Investments in fixed assets totaled Ps. 245 million, an amount that was 12.8% less than Ps. 281 million in the same period of the previous year. The estimated CapEx for 2019 is Ps. 2,810 million, which will be used to make spaces more efficient in the various renovations and extensions of the different formats of the Group.

PLAN OF RENOVATIONS AND EXPANSIONS

SEARS			SANBORNS			ISHOP		
No.	Status	Delivery Date	No.	Status	Delivery Date	No.	Status	Delivery Date
Renovations:			Renovations:			New Stores.		
1		2019	1		2019	1	Completed	1Q19
2		2019	2		2019	2	Completed	1Q19
3		2019	3		2019	3	Completed	1Q19
4		2019	4		2019	4	Completed	1Q19
5		2019	5		2019	5	Completed	1Q19
6		2019	6		2019	6	Completed	1Q19
7		2019	7		2019	7	Completed	1Q19
			8		2019	8	Completed	1Q19
			9		2019	9	Completed	1Q19
			10		2019	10		2019
						11		2019
						12		2019
						13		2019
						14		2019
						15		2019
						16		2019
						17		2019
						18		2019
						19		2019
						20		2019
						Major Renovations:		
						1		2019
						2		2019
						3		2019
						4		2019
						5		2019
						6		2019
						7		2019
						8		2019
						9		2019
						10		2019
						11		2019
						12		2019
						13		2019

*Stores which started is renovation or construction in 2018

RETAIL SPACE AND NUMBER OF STORES

Sales Area	March 2019				March 2018				Sqm Var%
	Units	Retail Sqm	Leaseable Sqm		Units	Retail Sqm	Leaseable Sqm		
Sears	97		869,060		95		837,009		3.8%
Sanborns	166		254,707		170		261,714		-2.7%
Promotora Musical	130		41,651		117		39,602		5.2%
Other*	54		70,123		56		71,115		-1.4%
Shopping Centers		2		71,225		2		71,225	0.0%
Total	447	2	1,235,542	71,225	438	2	1,209,440	71,225	2.2%

*Includes stores in Central America, Sanborns Café, DAX stores, Saks Fifth Avenue and Boutiques.

Shopping Centers are Plaza Inbursa and Plaza Loreto.



At March 31, 2019, retail space totaled 1,235,542 sqm including 447 stores, or a 2.2% increase in the consolidated retail space compared to the same period of the previous year.

During the first quarter, the following changes in stores were recorded:

- **Sanborns:** closed Monterrey Américas in Nuevo León and relocated the Guadalajara Gran Plaza store in Jalisco, moving from one location to a combined store with Sears,
- **Promusa:** MixUp closed Monterrey Center in Nuevo León and iShop opened nine stores that were Salamanca in Guanajuato, Puerto Cancún Marina Town in Quintana Roo, Torreón 4 Caminos in Coahuila, Hermosillo in Sonora, El Dorado San Luis in San Luis Potosí, Lerma in the State of Mexico, Acapulco in Guerrero, Zentralia Ciudad del Carmen in Campeche and Fiesta Inn Anáhuac Monterrey, in Nuevo León,
- The Pier 1 Boutique in Acapulco, Guerrero, closed.

WORKING CAPITAL

The balance of the inventories account as of March 31, 2019 was Ps. 11,678 million, decreasing 5.5% with respect to the balance at the end of December of the previous year, which was Ps. 12,359 million. Accounts payable to suppliers were Ps. 5,457 million, which meant a decrease of 40.1% in relation to the amount of the 4Q18. Accounts receivable from short-term customers totaled Ps. 10,515 million.

NOTE:

Others: includes DAX, Sanborns Café Restaurantes, Saks Fifth Avenue, Sears and Sanborns Restaurantes in Central America, Pam Pam industrial catering, Sanborns and Mixup credit cards and Plaza Loreto and Plaza Inbursa malls, royalties and corporate charges paid by our subsidiaries to Grupo Sanborns as well as eliminations of transactions between subsidiaries.

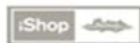
CONTACTS FOR INVESTORS:

Mario Bermúdez Dávila
Chief Financial Officer Grupo Sanborns
T. +52 (55) 5257-9323
mbermudez@sears.com.mx

Angélica Piña Garnica
Investor Relations
T. +52 (55) 1101-2956
napinag@gcarso.com.mx



www.gsanborns.com.mx



CONFERENCE CALL DETAILS

Date: Friday, April 26, 2019
 Time: **11:00 A.M.-12:00 P.M. Mexico City Time / 1200 A.M-13:00 P.M. NY (US EST)**
 Access Numbers: 52 (55) 6722-5257 Mexico - Local
 001 866-779-0965 Mexico Freephone
 1 (847) 585-4405 International and USA Toll
 1 (888) 771-4371 USA Toll Free
 1 (514) 841-2157 Canada Toll

Access Code: **4854 5239 for Spanish**
4854 5243 for English

Replay : 1 (630) 652-3000 Spanish REF: 4854 5239#
 English REF: 4854 5243#

Availability: Until May 9, 2019

ADDITIONAL CHARTS:

Income Statement					
(Million Pesos)	1Q19		1Q18		Var %
Total Revenues	11,478	100.0%	11,385	100.0%	0.8%
COGS	6,958	60.6%	6,901	60.6%	0.8%
Gross Profit	4,521	39.4%	4,484	39.4%	0.8%
SG&A	3,661	31.9%	3,472	30.5%	5.4%
Other income (expenses) Net	1	0.0%	-6	-0.1%	-121.9%
Operating Income	861	7.5%	1,005	8.8%	-14.3%
Comprehensive Financial Result	-101	-0.9%	-13	-0.1%	660.4%
Share of Profit of Associates and JV's.	32	0.3%	35	0.3%	-8.1%
Income before Taxes	792	6.9%	1,027	9.0%	-22.9%
Taxes	226	2.0%	246	2.2%	-8.0%
Consolidated Net Income	566	4.9%	781	6.9%	-27.6%
Profit attributable to non-controlling int.	31	0.3%	47	0.4%	-34.2%
Profit attributable to owners of parent Co.	535	4.7%	734	6.4%	-27.1%
EBITDA	1,394	12.1%	1,470	12.9%	-5.2%

Balance Sheet figures			
(Million Pesos)	1Q19	4Q17	Var %
Cash & Equivalents	859.6	2,477.7	-65.3%
Trade Receivables	10,515.1	13,011.6	-19.2%
Recoverable Taxes	1,422.7	1,246.3	14.2%
Other Financial Assets	0.0	0.0	0.0%
Inventories	11,678.1	12,359.2	-5.5%
Other Non-Financial Assets	224.4	81.7	174.6%
Current Assets	24,699.9	29,176.4	-15.3%
Other Non-Current Trade Receivables	1,239.8	0.0	0.0%
Other Non-Current Financial Assets	1.3	1.3	0.0%
Investments in subsidiaries and associates	2,304.7	2,272.6	1.4%
Property, Plant and Equipment	14,460.9	14,549.5	-0.6%
Investment Properties	2,415.6	2,415.6	0.0%
Assets for Rights of Use	5,470.8	5,484.4	-0.2%
Intangible Assets and Goodwill	35.8	38.2	-6.2%
Deferred Tax Assets	1,568.7	1,502.0	4.4%
Other Non-Current Non-Fin. Assets	682.4	683.0	-0.1%
Non-Current Assets	28,179.9	26,946.5	4.6%
Total Assets	52,879.8	56,122.9	-5.8%
Trade Payables	5,457.4	9,115.2	-40.1%
Short-Term Taxes Payable	2,231.3	2,308.0	-3.3%
Short-Term Bank Debt	0.0	0.0	0.0%
Other Current Financial Liabilities	100.1	0.0	0.0%
Short-Term Lease Liabilities	1,241.6	1,247.0	-0.4%
Other Short-Term non-financial liabilities	751.6	1,043.0	-27.9%
Current Provisions	2,195.0	2,143.5	2.4%
Current Liabilities	11,977.0	15,856.8	-24.5%
Long-Term Taxes Payable	718.4	665.1	8.0%
Long-Term Lease Liabilities	5,247.0	5,239.5	0.1%
Long-Term Bank Debt	0.0	0.0	0.0%
Other L.T. Financial Liabilities	0.0	0.0	0.0%
Other Non-Financial L.T. Liabilities	18.0	15.2	0.0%
Long-Term Provisions	58.9	56.5	4.2%
Deferred Tax Liabilities	1,263.8	1,242.6	1.7%
Non-Current Liabilities	7,306.0	7,218.9	1.2%
Total Liabilities	19,283.0	23,075.7	-16.4%
Stockholder's Equity	33,596.8	33,047.3	1.66%
Shares Outstanding ('000)	2,264,248	2,264,891	0.0%
Closing Stock Price	18.70	17.70	5.6%
NA=Not Applicable			