

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

Earnings Report

4Q 2019

Mexico City, February 20, 2020 – Grupo Sanborns, S.A.B. de C.V. (BMV: GSANBOR OTC: GSAOY) announced today its results for the fourth quarter of 2019.

RELEVANT EVENTS AND 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 6.5% during the 4Q19 totaling Ps. 17,771 million. Consolidated Same Store Sales (SSS) increased 4.0%.
- The **loan portfolio** reached Ps. 12,964 million, and the percentage of non-performing loans improved to 3.6% from 4.4% in the same quarter of the last year.
- During the 4Q19 **two iShop stores were opened**: Cuautitlán Luna Park in Mexico City and Santa Anita in Guadalajara, Jalisco.

FINANCIAL SUMMARY (Million pesos, MM MXN)

Consolidated Results	4Q19	4Q18	Var%	2019	2018	Var%
Revenues	17,771	16,683	6.5%	53,288	51,755	3.0%
Gross Profit	6,273	6,241	0.5%	20,334	20,125	1.0%
Operating Income	1,894	2,084	-9.1%	4,699	5,223	-10.0%
Controlling Net Income	1,235	1,647	-25.0%	2,949	3,730	-20.9%
Control. Net Income ex IFRS16	1,241	1,466	-15.3%	3,004	3,535	-15.0%
EBITDA	2,367	2,537	-6.7%	6,789	7,201	-5.7%
EBITDA excluding IFRS16	2,050	2,225	-7.9%	5,515	5,971	-7.6%
Gross Margin	35.3%	37.4%		38.2%	38.9%	
Operating Margin	10.7%	12.5%		8.8%	10.1%	
EBITDA Margin	13.3%	15.2%		12.7%	13.9%	
EBITDA Margin ex IFRS16	11.5%	13.3%		10.3%	11.5%	

TOTAL AND SAME STORE SALES (SSS)

From October to December 2019, **total sales** of Grupo Sanborns reached Ps. 17,771 million, which meant Ps. 1,087 million pesos more, an increase of 6.5% where the sales of technology and fashion stood out.

GROSS PROFIT AND OPERATING EXPENSES (SG&A)

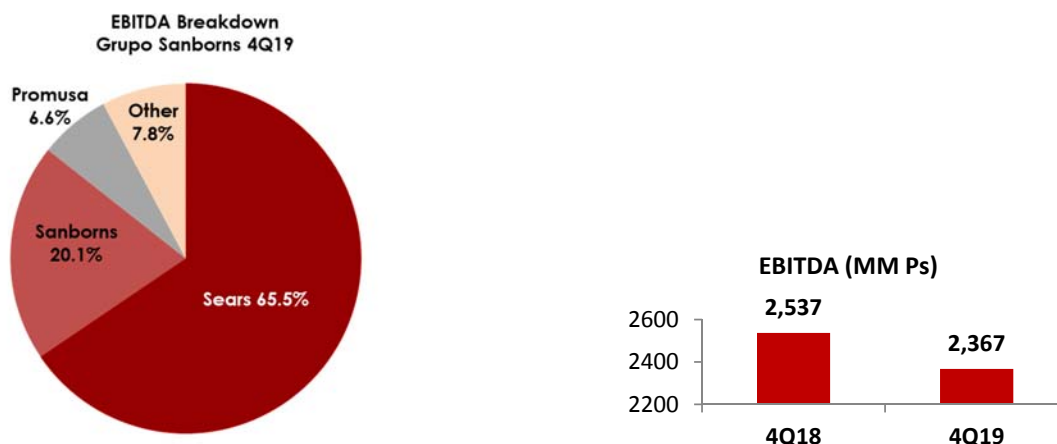
Gross profit remained almost constant with a 0.5% variation, totaling Ps. 6,273 million. Gross margin was 35.3%, decreasing compared to the 4Q18 due to a higher contribution from items with lower added- value within the category mix.

Operating and administrative expenses increased 2.3% on higher wages and salaries –both in comparable and non-comparable stores-, the opening of new iShop stores, improvements in IT platforms and lower cancellation of reserves.

OPERATING INCOME AND EBITDA

Operating income decreased 9.1% totaling Ps. 1,894 million. The operating margin was 10.7% versus 12.5% last year.

Quarterly **EBITDA** decreased 6.7% totaling Ps. 2,367 million, with a margin of 13.3%. Quarterly EBITDA figures without considering accounting changes in IFRS 16 were Ps. 2,050 million in the 4Q19, compared to Ps. 2,225 million in the 4Q18, with margins of 11.5% and 13.3%, respectively.



COMPREHENSIVE FINANCIAL RESULT (CFR)

(MM MXN)						
Financial Results	4Q19	4Q18	Var%	2019	2018	Var%
Interest Expenses	-173	-157	10.7%	-703	-630	11.6%
Interest Income	99	103	-3.6%	297	272	9.1%
Interest (net)	-74	-54	38.0%	-406	-358	13.5%
ForEx Results	17	266	-93.5%	29	326	-91.0%
CFR	-57	213	NA	-377	-32	1085.3%

NA= Not applicable

The **comprehensive financing result** represented an expense of Ps. 57 million, compared to an income of Ps. 213 million in the same quarter of the previous year, when there was a higher exchange rate profit derived from the comparability of IFRS 16 in the 4Q18.



NET INCOME

The **controlling net income** of the 4Q19 totaled Ps. 1,235 million, lower than Ps. 1,647 million recorded in the 4Q18. The quarterly controlling net profit figures without considering accounting changes in IFRS 16 were Ps. 1,241 million in the 4Q19, compared to Ps. 1,466 million in the 4Q18.

CREDIT BUSINESS

253 thousand new cardholders have been added, with which the number of own cards reached 4.41 million, compared to 4.16 million at the end of December 2018.

The percentage of non-performing loans over 90 days was 3.6% improving compared to 4.4% in the 4Q18. The **loan portfolio** remained relatively constant with a variation of -0.3% totaling Ps. 12,964 million. Credit income went from Ps. 948 to Ps. 965 million, which meant a 1.9% increase in the 4Q19.

Credit Indicators	4Q19	4Q18	Var%
Credit Portfolio (MM Ps)	12,964	13,005	-0.3%
Num. Credit cards issued (MM)	4.41	4.16	6.1%
Non-performing loans (%)	3.6%	4.4%	

DEBT

Grupo Sanborns had no **debt with cost** as of December 31, 2019, while the amount of cash totaled Ps. 1,690 million compared to Ps. 2,478 million at the end of December 2018. This decrease of Ps. 787 million in cash was due to other investment in associated companies, the payment to suppliers, the opening of stores and the payment of dividends.

CAPITAL EXPENDITURES (CapEx)

Investments in **fixed assets** totaled Ps. 895 million pesos, an amount that was 36.9% less than the amount in the same period of the previous year. During 2019 seventeen new iShop stores were opened and three renovated.

RETAIL SPACE AND NUMBER OF STORES

As of December 31, 2019, the sales area totaled 1,234,254 sqm including 451 stores, with a -0.1% variation in the consolidated commercial area compared to the same period of the previous year.

No.	iSHOP	Status	Delivery Date
New Stores.			
1	Salamanca	Completed	1Q19
2	Puerto Cancún Marina Town	Completed	1Q19
3	Torreón 4 Caminos	Completed	1Q19
4	Hermosillo	Completed	1Q19
5	El Dorado San Luis	Completed	1Q19
6	Lerma	Completed	1Q19
7	Acapulco	Completed	1Q19
8	Zentralia Cd. Del Carmen	Completed	1Q19
9	Fiesta Inn Anáhuac Mty.	Completed	1Q19
10	Paseo Monclova	Completed	2Q19
11	Alaia Guanajuato	Completed	2Q19
12	Outlet Querétaro	Completed	3T19
13	Gran Sur	Completed	3T19
14	Uruapan	Completed	3T19
15	Multiplaza Aragón	Completed	3T19
16	Cuautitlán Luna Parc	Completed	4T19
17	Galerías Santa Anita Gdl.	Completed	4T19
Major Renovations:			
1	Irapuato		2019
2	Atizapán		2019
3	Tezontle		2019

Sales Area	December 2019				December 2018				Sqm Var%
	Units	Retail Sqm	Leaseable Sqm	Sqm	Units	Retail Sqm	Leaseable Sqm	Sqm	
Sears	97		868,014		97		869,059		-0.1%
Sanborns	164		253,635		167		255,752		-0.8%
Promotora Musical	136		42,482		122		40,491		4.9%
Other*	54		70,123		55		70,520		-0.6%
Shopping Centers		2		71,225		2		71,225	0.0%
Total	451	2	1,234,254	71,225	441	2	1,235,822	71,225	-0.1%

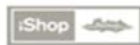
*Includes DAX, Sanborns Café restaurants, Saks Fifth Avenue, Sears and Sanborns restaurant-stores in Central America, Sanborns and Mixup credit cards and Plaza Loreto and Plaza Inbursa shopping centers, royalties and corporate fees paid by our subsidiaries to Grupo Sanborns and eliminations of operations between subsidiaries.

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

- **iShop:** opened Cuautitlán Luna Park in Mexico City and Santa Anita in Guadalajara, Jalisco.

WORKING CAPITAL

The balance of the inventories account as of December 31, 2019 was Ps. 12,550 million, increasing 1.5% compared to the balance at the end of December of the previous year, which was Ps. 12,359 million. Accounts payable to suppliers were Ps. 8,685 million, which meant a decrease of 4.7% in relation to the amount of the 4Q18. Accounts receivable from current customers totaled Ps. 12,113 million.



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CONFERENCE CALL DETAILS

Date: Friday, February 21, 2020
Time: **11:00 A.M. Mexico City Time / 12:00 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
1 (866) 215-5508 Canada Toll-Free

Access Code: **4941 5396# for Spanish**
4941 5399# for English

Audio Replay : 52 (55) 6722-5257 Mexico - Local
001 866-779-0965 Mexico Freephone
1 (847) 585-4405 International and USA Toll
REF: 4941 5396# for Spanish
REF: 4941 5399# for English

Availability: Until March 2, 2020

ADDITIONAL CHARTS:

Income Statement (Million Pesos)											
	4Q19		4Q18		Var %	2019		2018		Var%	
Total Revenues	17,771	100.0%	16,683	100.0%	6.5%	53,288	100.0%	51,755	100.0%	3.0%	
COGS	11,498	64.7%	10,442	62.6%	10.1%	32,954	61.8%	31,631	61.1%	4.2%	
Gross Profit	6,273	35.3%	6,241	37.4%	0.5%	20,334	38.2%	20,125	38.9%	1.0%	
SG&A	4,491	25.3%	4,391	26.3%	2.3%	15,801	29.7%	15,191	29.4%	4.0%	
Other income (expenses) Net	112	0.6%	234	1.4%	-52.3%	166	0.3%	289	0.6%	-42.6%	
Operating Income	1,894	10.7%	2,084	12.5%	-9.1%	4,699	8.8%	5,223	10.1%	-10.0%	
Comprehensive Financial Result	-57	-0.3%	213	1.3%	-126.8%	-377	-0.7%	-32	-0.1%	1085.3%	
Share of Profit of Associates and JV's.	16	0.1%	75	0.5%	-79.3%	117	0.2%	187	0.4%	-37.6%	
Income before Taxes	1,852	10.4%	2,372	14.2%	-21.9%	4,439	8.3%	5,378	10.4%	-17.5%	
Taxes	566	3.2%	638	3.8%	-11.2%	1,350	2.5%	1,445	2.8%	-6.6%	
Consolidated Net Income	1,286	7.2%	1,734	10.4%	-25.9%	3,090	5.8%	3,933	7.6%	-21.5%	
Profit attributable to non-controlling int.	51	0.3%	88	0.5%	-41.8%	141	0.3%	204	0.4%	-30.7%	
Profit attributable to owners of parent Co.	1,235	6.9%	1,647	9.9%	-25.0%	2,949	5.5%	3,730	7.2%	-20.9%	
EBITDA	2,367	13.3%	2,537	15.2%	-6.7%	6,789	12.7%	7,201	13.9%	-5.7%	

Balance Sheet figures			
(Million Pesos)	4Q19	4Q17	Var %
Cash & Equivalents	1,690.2	2,477.7	-31.8%
Trade Receivables	12,112.9	11,712.6	3.4%
Recoverable Taxes	1,338.7	1,246.3	7.4%
Other Financial Assets	0.0	0.0	0.0%
Inventories	12,549.7	12,359.2	1.5%
Other Non-Financial Assets	78.5	81.7	-4.0%
Current Assets	27,770.0	27,877.5	-0.4%
Other Non-Current Trade Receivables	1,247.3	1,299.0	-4.0%
Other Non-Current Financial Assets	1.3	1.3	0.0%
Investments in subsidiaries and associates	3,523.1	2,272.6	55.0%
Property, Plant and Equipment	14,102.3	14,549.5	-3.1%
Investment Properties	2,507.3	2,415.6	3.8%
Assets for Rights of Use	5,158.8	5,484.4	-5.9%
Intangible Assets and Goodwill	68.6	38.2	79.7%
Deferred Tax Assets	1,922.8	1,502.0	28.0%
Other Non-Current Non-Fin. Assets	390.7	683.0	-42.8%
Non-Current Assets	28,922.1	28,245.4	2.4%
Total Assets	56,692.1	56,122.9	1.0%
Trade Payables	8,684.7	9,115.2	-4.7%
Short-Term Taxes Payable	2,823.9	2,308.0	22.4%
Short-Term Bank Debt	0.0	0.0	0.0%
Other Current Financial Liabilities	0.0	0.0	0.0%
Short-Term Lease Liabilities	1,243.5	1,247.0	-0.3%
Other Short-Term non-financial liabilities	882.2	1,043.0	-15.4%
Current Provisions	2,264.7	2,143.5	5.7%
Current Liabilities	15,899.0	15,856.8	0.3%
Long-Term Taxes Payable	733.5	665.1	10.3%
Long-Term Lease Liabilities	4,964.4	5,239.5	-5.2%
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	18.4	15.2	20.9%
Long-Term Provisions	717.6	56.5	1170.2%
Deferred Tax Liabilities	1,202.9	1,242.6	-3.2%
Non-Current Liabilities	7,636.8	7,218.9	5.8%
Total Liabilities	23,535.8	23,075.7	2.0%
Stockholder's Equity	33,156.3	33,047.3	0.33%
Shares Outstanding ('000)	2,261,068	2,264,891	-0.2%
Closing Stock Price	24.50	17.70	38.4%
NA=Not Applicable			