



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

Earnings Report

1Q 2017

Mexico City, April 27 2017 – Grupo Sanborns, S.A.B. de C.V. (BMV: GSANBOR OTC: GSAOY) announced today its results for the first quarter of 2017.

HIGHLIGHTS

- During the 1Q17 **total sales** increased 8.7% reaching \$11,183 MM, while consolidated Same Stores Sales (**SSS**) improved 4.9%.
- The **credit portfolio** totaled \$ 11,296 MM being 11.4% higher when compared to the 1Q16.
- **Operating Income** and **EBITDA** grew 5.8% and 8.2%, with margins of 9.0% and 11.8%, respectively.
- **Controlling Net Income** increased 29.4% in the 1Q17, reaching \$817 million pesos, compared to \$631 million recorded in the 1Q16.
- On March 30, one Sears and one iShop stores were inaugurated in the Portal San Angel Shopping Center in Mexico City.
- On April 26, 2017 the Ordinary Annual Shareholders' Meeting was held, where it was approved to pay a **cash dividend at a rate of \$0.88** (zero pesos 88/100 cents) for each of the B-1 Series shares subscribed and paid in, representing the share capital, to be paid in the months of June and December of 2017 in two equal exhibitions of \$0.44 (zero pesos 44/100 cents) each.

FINANCIAL SUMMARY (Million Pesos MXN, MM)

Consolidated Results	1Q17	1Q16	Var%
Revenues	11,183	10,285	8.7%
Gross Profit	4,478	4,135	8.3%
Operating Income	1,009	954	5.8%
Controlling Net Income	817	631	29.4%
EBITDA	1,320	1,221	8.2%
Gross Margin	40.0%	40.2%	
Operating Margin	9.0%	9.3%	
EBITDA Margin	11.8%	11.9%	

TOTAL AND SAME STORE SALES (SSS)

During the first quarter of the year, Grupo Sanborns' **total sales** totaled \$11,183 million, an increase of 8.7% or \$899 million pesos more.

The most dynamic categories were big-ticket, personal care and technology. In addition, the stores that were reopened by Sears following its remodeling, such as Angelópolis, as well as the newly opened stores of Atizapán and Vía Vallejo, reported a greater visit by customers.





Similarly an improvement in consolidated **Same Store Sales (SSS)** was observed, recording an increase of 4.9%.

SSS	1T17	1T16
Consolidated	4.9%	1.2%

GROSS PROFIT AND OPERATING EXPENSES (SG&A)

Gross profit increased 8.3% to \$4,478 million pesos. The gross margin was 40.0% since a greater participation of "big-ticket" and technology was observed within the sales mix.

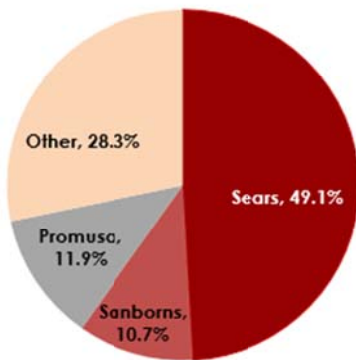
Operating and administrative expenses increased from 30.9% to 31.0% of sales. This was explained by the pre-opening expenses of the stores inaugurated at the Portal San Angel Shopping Center during the quarter, together with a 16.7% increase in depreciation and an increase in electricity, as well as an increase in doubtful accounts and their allowance due to the increase in our credit portfolio.

OPERATING INCOME AND EBITDA

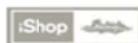
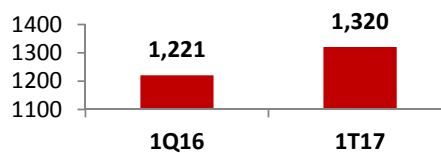
Operating income increased 5.8% during the 1Q17 reaching \$1,009 MM with a margin of 9.0%.

Quarterly EBITDA increased 8.2% to \$1,320 million pesos, with a margin of 11.8% in the 1Q17.

Operating Income Breakdown
Grupo Sanborns 1Q17



EBITDA (MM Ps)



COMPREHENSIVE FINANCIAL RESULT (CFR)

(MM MXN)			
Financial Results	1Q17	1Q16	Var%
Interest Expenses	-29	-27	8.9%
Interest Income	36	62	-42.3%
Interest (net)	7	35	-81.0%
ForEx Results	18	-13	NA
CFR	25	22	11.9%

NA= Not applicable

During the 1Q17 a **positive Comprehensive Financial Result (CFR)** of \$25 million pesos was recorded, which was 11.9% higher than the CFR in the 1Q16, mainly due to including a ForEx gain of \$18 million pesos versus a ForEx loss of \$13 million pesos the previous year.

NET INCOME

Net operating income increased 29.4% in the 1Q17 to \$817 million pesos, compared to \$631 million pesos recorded in the 1Q16. This was due to better operating results, a lower effective tax rate, the participation in subsidiaries of Inmuebles SROM and a lower participation of minority shareholders.

CREDIT BUSINESS

In the first quarter of the year **219 thousand cardholders** were added, bringing the number of cards to 3.73 million plastics, compared to 3.51 million at the end of March 2016.

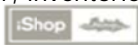
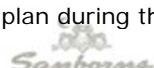
The delinquency rate is below the market, with a percentage of non-performing loans of more than 90 days of 2.9%, while it was 2.8% the previous year.

The credit portfolio posted a sound increase of 11.4%, totaling \$11,296 million pesos. Credit income increased from \$783 to \$911 million pesos, which represented a 16.3% growth in the 1Q17.

Credit Indicators	1Q17	1Q16	Var%
Credit Portfolio (MM Ps)	11,296	10,144	11.4%
Num. Credit cards issued (MM)	3.73	3.51	6.3%
Non-performing loans (%)	2.9%	2.8%	

DEBT

Grupo Sanborns had **no debt** at March 31, 2017, while the amount of cash and equivalents totaled \$468.1 MM compared to \$1,714.4 MM at the end of December 2016. The reduction of \$1,246.3 million pesos was due to the expansion plan during the quarter, inventories, credit portfolio and share repurchases.



CAPITAL EXPENDITURES (CapEx)

Investments in fixed assets totaled \$455 MM, an amount that was greater than \$421 MM in the same period of the previous year. The estimated CapEx for 2017 is approximately \$ 2,800 million pesos, for the opening of 17 new stores of the three main formats, expansions and remodeling.

RETAIL SPACE AND NUMBER OF STORES

At March 31, 2017 retail space reached 1,194,117 Sqm including 442 stores, or an increase of 6.4% 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:

- **Sears:** opened one Sears store with a sales area of 8,673 Sqm at the Portal San Angel Shopping Center, located in Mexico City.
- **Sanborns:** closed the Sanborns Palacio store in Mexico City, as well as a Sanborns Café in Ensenada, Baja California.
- **iShop:** opened a store in the Portal San Angel Shopping Center in Mexico City.

Sales Area	March 2017				March 2016				Sqm Var%
	Units	Sq meters	Leaseable Sqm		Units	Sq meters	Leaseable Sqm		
Sears	94		815,121		88		753,073		8.2%
Sanborns	175		267,593		170		258,983		3.3%
Promotora Musical	113		38,072		108		36,929		3.1%
Other*	60		73,331		62		73,073		0.4%
Shopping Centers		2		71,225		2		71,225	0.0%
Total	442	2	1,194,117	71,225	428	2	1,122,058	71,225	6.4%

*Includes stores in Central America, Sanborns Café, DAX stores, Saks Fifth Avenue and Boutiques. Shopping Centers are Plaza Inbursa and Plaza Loreto.

NEW STORES

17 new stores were added to the 2017 expansion plan: 6 Sears, 5 Sanborns and 6 iShop.

RENOVATIONS AND EXPANSION OF STORES

The expansion of Sears Perisur and Sears Historic Center continued, as well as the remodeling of Sears Puebla Center. Three Sanborns expansions were added, as well as the renovation of 10 iShop stores.

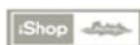


CHART OF THE EXPANSION PLAN

No.	SEARS		Delivery	SANBORNS		Deliver	iSHOP	
	Status	Date		Status	y Date	Status	Date	
New Stores				New Stores			New Stores	
1	Portal San Angel*	Completed	1Q17	Queretaro Abilia	3Q17	Portal San Angel*	Completed	1Q17
2	Queretaro Abilia		3Q17	Cachanilla	4Q17	Manacar		2Q17
3	Cuernavaca Averanda		4Q17	Cuernavaca Averanda	4Q17	Plaza Patria		2Q17
4	Puebla Zaragoza		4Q17	Paseo Interlomas	4Q17	Playa del Carmen		2Q17
5	Tlaxcala Galerias		4Q17	Artz Picacho CDMX	4Q17	Durango		4Q17
6	Coapa Gran Terraza		4Q17			Queretaro Victoria		4Q17
Renovations Full:				Renovations Full:		Renovations Full:		
1	Puebla Centro		3Q17	Perinorte Etapa 2 (Expansion)	2Q17	Satelite		2Q17
2	Perisur* (Expansion)		4Q17	Satélite (Expansion)	4Q17	Puebla		2Q17
3	Centro Historico* (Expansion)		4Q17	Perisur (Expansion)	4Q17	Cancun		2Q17
4						Veracruz		2Q17
5						Carso		2Q17
6						Universidad		3Q17
7						Morelia		3Q17
8						Galerias Guadalajara		3Q17
9						V. Ote. Monterrey		3Q17
10						Parque Delta		

*Stores that started its renovation or construction in 2016

WORKING CAPITAL

The balance of inventories at March 31, 2017 was \$10,448.8 MM, remaining stable compared to the balance at the end of December last year, which totaled \$ 10,455.9 MM. Accounts payable to suppliers were \$5,226.0 MM, which meant a 27.1% decrease compared to the amount of the 4Q16. Lastly, accounts receivable totaled \$11,433.4 MM decreasing 5.9% compared to the balance at end-4Q16.

NOTE:

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

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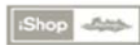
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CONFERENCE CALL DETAILS (this quarter in Spanish with simultaneous translation into English):

Date: Friday, April 28, 2017
 Time: **10:00-11:00 A.M. Mexico City Time/11:00 A.M.-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 Internacional Toll
 1 (888) 771-4371 US Toll Free
 Access Code: **44816115 for Spanish**
 (Dialing after the Access Number) **44816116 for English**
 Spanish Replay: 1 (888) 843-7419 1 (630) 652-3042 **REF: 4481 6115##**
 English Replay: 1 (888) 843-7419 1 (630) 652-3042 **REF: 4481 6116##**
 Availability: **15 days**

ADDITIONAL CHARTS:

Income Statement					
(Million Pesos)	1Q17		1Q16		Var %
Revenues	10,281	91.9%	9,509	92.5%	8.1%
Consumer Credit Income	902	8.1%	776	7.5%	16.3%
Total Revenues	11,183	100.0%	10,285	100.0%	8.7%
COGS	6,706	60.0%	6,150	59.8%	9.0%
Gross Profit	4,478	40.0%	4,135	40.2%	8.3%
SG&A	3,466	31.0%	3,179	30.9%	9.0%
Other income (expenses) Net	-3	0.0%	-2	0.0%	31.4%
Operating Income	1,009	9.0%	954	9.3%	5.8%
Comprehensive Financial Result	25	0.2%	22	0.2%	11.9%
Share of Profit of Associates and JV's.	42	0.4%	0	0.0%	NA
Income before Taxes	1,075	9.6%	976	9.5%	10.2%
Taxes	203	1.8%	269	2.6%	-24.3%
Consolidated Net Income	872	7.8%	707	6.9%	23.3%
Profit attributable to non-controlling int.	55	0.5%	76	0.7%	-27.6%
Profit attributable to owners of parent Co.	817	7.3%	631	6.1%	29.4%
EBITDA	1,320	11.8%	1,221	11.9%	8.2%

Balance Sheet figures			
(Million Pesos)	1Q17	4Q16	Var %
Cash & Equivalents	468.1	1,714.4	-72.7%
Trade Receivables	11,433.4	12,155.4	-5.9%
Other Trade Receivables	189.4	280.6	-32.5%
Recoverable Taxes	757.0	680.9	11.2%
Other Financial Assets	0.0	0.0	NA
Inventories	10,448.8	10,455.9	-0.1%
Other Non-Financial Assets	239.0	144.5	65.5%
Current Assets	23,535.7	25,431.7	-7.5%
Other Non-Current Trade Receivables	10.1	10.1	0.0%
Other Non-Current Financial Assets	1.3	1.3	1.3%
Investments in subsidiaries and associates	1,953.9	1,912.2	2.2%
Property, Plant and Equipment	14,525.3	14,400.6	0.9%
Investment Properties	2,207.9	2,207.9	0.0%
Intangible Assets and Goodwill	22.9	23.8	-3.6%
Deferred Tax Assets	664.7	600.6	10.7%
Other Non-Current Non-Fin. Assets	598.7	596.8	0.3%
Non-Current Assets	19,984.9	19,753.4	1.2%
Total Assets	43,520.6	45,185.0	-3.7%
Trade Payables	5,226.0	7,166.8	-27.1%
Short-Term Taxes Payable	1,742.5	2,153.3	-19.1%
Short-Term Bank Debt	0.0	0.0	0.0%
Other Current Financial Liabilities	719.1	854.9	-15.9%
Current Provisions	2,290.8	2,307.5	-0.7%
Current Liabilities	9,978.4	12,482.4	-20.1%
Long-Term Taxes Payable	481.8	444.2	8.5%
Long-Term Bank Debt	0.0	0.0	0.0%
Other L.T. Financial Liabilities	12.5	0.0	NA
Other Non-Financial L.T. Liabilities	0.0	0.0	0.0%
Long-Term Provisions	152.1	142.0	7.1%
Deferred Tax Liabilities	1,158.2	1,164.9	-0.6%
Non-Current Liabilities	1,804.6	1,751.1	3.1%
Total Liabilities	11,783.0	14,233.5	-17.2%
Stockholder's Equity	31,737.6	30,951.5	2.54%
Shares Outstanding ('000)	2,298,908	2,301,023	-0.1%
Closing Stock Price	21.85	21.69	0.7%

NA=Not Applicable