



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

Earnings Report

1Q 2018

Mexico City, April 25, 2018 – Grupo Sanborns, S.A.B. de C.V. (BMV: GSANBOR OTC: GSAOY) announced today its results for the first quarter of 2018.

HIGHLIGHTS

- **Total sales** increased 1.8% during the 1Q18 totaling Ps. 11,385 MM, consolidated same store sales (**SSS**) increased 2.7%.
- The **gross margin** of Sears and Sanborns increased 80 and 10 basis points to 42.8% and 48.5%, respectively.
- The **loan portfolio** reached Ps. 11,839 MM, 1.5% higher compared to the 1Q17.
- On February 22, 2018, an iShop was opened in Parque Puebla, and on March 21, a Sears and a Sanborns were opened in the Cuernavaca Averanda Shopping Center. This year we estimate to open three Sears, three Sanborns and nine iShops in the remainder of the year. The renovations will be three for Sears including expansion of retail space in all of them, and nine renovations of iShop to update the image of the stores.
- Tomorrow, April 26, 2018, the Annual Ordinary Stockholder’s Meeting will be held, where the **payment of a cash dividend of Ps. 0.90** (zero pesos 90/100 M.N) per share from the balance of the net fiscal profit account, will be proposed for its authorization, divided into two equal exhibitions of Ps. 0.45 (zero pesos 45/100) per share each.

FINANCIAL SUMMARY (Million pesos, MM MXN)

Consolidated Results	1Q18	1Q17	Var%
Revenues	11,385	11,183	1.8%
Gross Profit	4,484	4,478	0.1%
Operating Income	879	1,009	-12.8%
Controlling Net Income	674	817	-17.4%
EBITDA	1,161	1,320	-12.1%
Gross Margin	39.4%	40.0%	
Operating Margin	7.7%	9.0%	
EBITDA Margin	10.2%	11.8%	

TOTAL AND SAME STORES SALES (SSS)

During the first quarter of the year, the **total sales** of Grupo Sanborns were Ps. 11,385 million, which meant an increase of 1.8% or Ps. 202 million more. The most dynamic categories were technology and fashion.

Consolidated **same store sales (SSS)** increased 2.7%.



SSS	1Q18	1Q17
Consolidated	2.7%	4.9%

GROSS PROFIT AND OPERATING EXPENSES (SG&A)

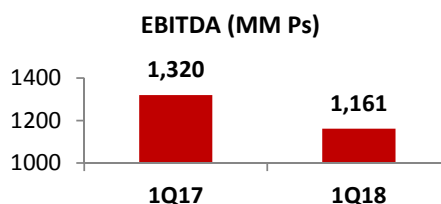
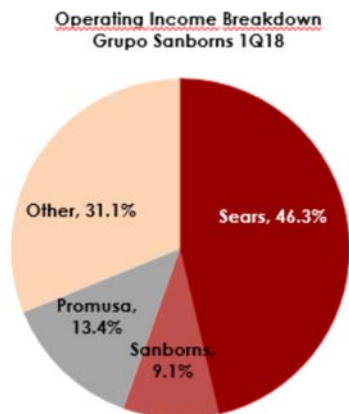
Gross Profit went up 0.1% totaling \$4,484 MM. The gross margin was 39.4% due to a higher share of technology in the sales mix.

Sales, general and administrative expenses went from 31.0% to 31.6% of sales. The pre-opening expenditures of two new stores inaugurated in the Cuernavaca Aventura Shopping Center, the closing costs of five Sanborns units and one of Sears during the quarter, as well as non-performing loans, explained this.

OPERATING INCOME AND EBITDA

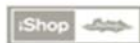
Regarding **operating income**, this item decreased 12.8% during the 1Q18 totaling Ps. 879 MM with an operating margin of 7.7%.

The **quarterly EBITDA** decreased 12.1% totaling Ps. 1,161 million, with a 10.2% margin in the 1Q18. For the calculation of this indicator, the impairment provision of Ps. 31.3 million pesos was deducted, corresponding to the closing of three stores that were considered since December 2017, which closed this year.



COMPREHENSIVE FINANCIAL RESULT (CFR)

A positive **comprehensive financial result (CFR)** of Ps. 25 million was recorded, which was very similar to the CFR of the same period of the previous year, mainly because the higher net interest earned in the 1Q18 offset a higher ForEx gain in the 1Q17.



(MM MXN)			
Financial Results	1Q18	1Q17	Var%
Interest Expenses	-41.8	-29.0	44.0%
Interest Income	53.4	35.7	49.3%
Interest (net)	11.6	6.7	72.5%
ForEx Results	13.2	17.9	-26.1%
CFR	24.8	24.6	0.8%

NA= Not applicable

NET INCOME

Controlling Net Income went down 17.4% in the 1Q18 totaling Ps. 674 million, compared to Ps. 817 million recorded in the 1Q17. This was explained by lower operating results.

CREDIT BUSINESS

In the first quarter of the year **175 thousand new cardholders** were added, bringing the number of cards to 3.90 million plastics, compared to 3.73 million at the end of March 2017.

The delinquency rate is below the market, with a percentage of non-performing loans over 90 days of 4.5%, while in the 1Q17 was 3.7%.

The **loan portfolio** posted an increase of 1.5%, totaling Ps. 11,839 million pesos. Credit income increased from Ps. 911 to Ps.968 million pesos, which meant a growth of 6.3% in the 1Q18.

Credit Indicators	1Q18	1Q17	Var%
Credit Portfolio (MM Ps)	11,839	11,663	1.5%
Num. Credit cards issued (MM)	3.90	3.73	4.7%
Non-performing loans (%)	4.5%	3.7%	

DEBT

Grupo Sanborns had no **debt** at March 31, 2018, while the amount of cash and equivalents totaled Ps. 1,325.7 MM compared to Ps. 1,924.6 MM at the end of December 2017. The reduction of Ps. 599 million was due to the expansion plan, inventories, portfolio of clients and the payment of liabilities during the quarter.

CAPITAL EXPENDITURES (CapEx)

Investments in fixed assets totaled Ps. 281 MM, amount that was lower than Ps. 454 MM in the same period of the previous year. The estimated CapEx for 2018 is approximately Ps. 2,300 million, for the opening of 18 new stores (four Sears, four Sanborns and ten iShop), extensions and remodeling.

CHART OF THE RENOVATIONS AND EXPANSION PLAN

No.	SEARS		Delivery	SANBORNS		Deliver	iSHOP	
	Status	Date	y Date	Status	y Date	Status	Date	
New Stores								
1	Cuernavaca Averanda*	Completed	1Q18	Cuernavaca Averanda*	Completed	1Q18	Parque Puebla	1Q18
2	Parque Puebla		2Q18	Parque Las Antenas		2Q18	Parque Las Antenas	2Q18
3	Parque Las Antenas		2Q18	Guadalajara Gran Plaza		2Q18	Tlaxcala	2Q18
4	León Altacia		3Q18	León Altacia		3Q18	Cuernavaca Averanda	3Q18
5							Galerías Mérida	3Q18
6							Gran Sur	3Q18
7							Mundo E	3Q18
8							Parque Tepeyac	4Q18
9							Monclova	4Q18
10							Durango	4Q18
Full Renovations:								
1	Guadalajara Centro (Ampliación)		2018				Morelia Michoacán*	2Q18
2	Puebla Centro (Ampliación)		2018				Chihuahua*	2Q18
3	Morelia Americas (Ampliación)		2018				Mérida Altabrisa	2Q18
4							Perisur (cambio con MixUp)	2Q18
5							Coapa (cambio con MixUp)	3Q18
6							Hermosillo	3Q18
7							Parroquia	4Q18
8							Irapuato	4Q18
9							Oaxaca	4Q18

*Stores which started in 2017

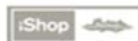
RENOVATIONS AND EXPANSIONS

During the 2Q18, the renovations of Sears Perisur and Sears Historic Center will be completed. This year we added three new expansions at the Sears Guadalajara, Puebla and Morelia stores, as well as nine renovations of iShop stores.

RETAIL SPACE AND NUMBER OF STORES

Sales Area	March 2018			March 2017			Sqm	Var%
	Units	Retail Sqm	Leaseable Sqm	Units	Retail Sqm	Leaseable Sqm		
Sears	95	837,009		94	815,121			2.7%
Sanborns	170	261,714		175	267,593			-2.2%
Promotora Musical	117	39,602		113	38,072			4.0%
Other*	56	71,115		60	73,331			-3.0%
Shopping Centers	2		71,225	2		71,225		0.0%
Total	438	1,209,440	71,225	442	1,194,117	71,225		1.3%

*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, 2018 retail space totaled 1,209,440 sqm including 438 stores, or an increase of 1.3% 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 a store in the Averanda Shopping Center in Cuernavaca, Morelos, closed a store in Hermosillo, Sonora and a Perfumery boutique in Ensenada, Baja California.
- **Sanborns:** opened a store in the Averanda Shopping Center in Cuernavaca, Morelos and closed five stores: two in Villahermosa, Tabasco, two in the State of Mexico (Tecamachalco and Coacalco) and one in Mexico City (Cuauhtemoc).
- **Promusa:** opened an iShop in Parque Puebla and closed a MixUp in Merida Altabrisa, which will be converted into an iShop.

WORKING CAPITAL

The balance of inventories at March 31, 2018 was Ps. 10,378.3 MM, decreasing 4.0% compared to the balance at the end of December of the previous year, which was Ps, 10,806.0 MM. The accounts payable to suppliers were Ps 5,184.5 MM, which meant a decrease of 30.9% compared to the amount of the 4Q17. Lastly, accounts receivable from customers totaled Ps. 11,854.9 MM decreasing 10.6% compared to the balance at end-4Q17.

NOTE:

Other: includes DAX, Sanborns Café Restaurants, Saks Fifth Avenue, Sears and Sanborns stores 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:

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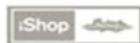
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CONFERENCE CALL DETAILS:

Date: Thursday, April 26, 2018
 Time: **10:30 A.M.-11:30 A.M. Mexico City Time/ 11:30 A.M-12:30 P.M. NY Time (US EST)**
 Access Numbers: 52 (55) 6722-5257 Mexico - Local
 001 866-779-0965 Mexico Freephone
 1 (847) 585-4405 International Toll
 1 (888) 771-4371 US Toll Free
 0808 238 9578 UK Freephone
 0 203 147 4818 UK-London Local

Code: **4683 0634 for Spanish**
4683 0606 for English

Replay: 1 (630) 652-3000 Spanish REF: 4683 0634#
 English REF: 4683 0606#

Availability: Until May 9, 2018

ADDITIONAL CHARTS:

Income Statement					
(Million Pesos)	1Q18		1Q17		Var %
Total Revenues	11,385	100.0%	11,183	100.0%	1.8%
COGS	6,901	60.6%	6,706	60.0%	2.9%
Gross Profit	4,484	39.4%	4,478	40.0%	0.1%
SG&A	3,598	31.6%	3,466	31.0%	3.8%
Other income (expenses) Net	-6	-0.1%	-3	0.0%	107.1%
Operating Income	879	7.7%	1,009	9.0%	-12.8%
Comprehensive Financial Result	25	0.2%	25	0.2%	0.8%
Share of Profit of Associates and JV's.	34	0.3%	42	0.4%	-18.0%
Income before Taxes	938	8.2%	1,075	9.6%	-12.7%
Taxes	217	1.9%	203	1.8%	6.5%
Consolidated Net Income	722	6.3%	872	7.8%	-17.2%
Profit attributable to non-controlling int.	47	0.4%	55	0.5%	-13.5%
Profit attributable to owners of parent Co.	674	5.9%	817	7.3%	-17.4%
	0	0.0%	0	0.0%	0.0%
EBITDA	1,161	10.2%	1,320	11.8%	-12.1%

Balance Sheet figures			
(Million Pesos)	1Q18	4Q17	Var %
Cash & Equivalents	1,325.7	1,924.6	-31.1%
Trade Receivables	11,854.9	13,263.9	-10.6%
Recoverable Taxes	992.9	1,011.7	-1.9%
Other Financial Assets	0.0	0.0	0.0%
Inventories	10,378.3	10,806.0	-4.0%
Other Non-Financial Assets	227.9	158.3	44.0%
Current Assets	24,779.6	27,164.5	-8.8%
Other Non-Current Trade Receivables	0.0	0.0	0.0%
Other Non-Current Financial Assets	1.3	1.3	0.0%
Investments in subsidiaries and associates	2,119.7	2,085.5	1.6%
Property, Plant and Equipment	14,432.9	14,517.8	-0.6%
Investment Properties	2,323.9	2,323.9	0.0%
Intangible Assets and Goodwill	26.5	28.1	-5.8%
Deferred Tax Assets	1,036.9	1,014.5	2.2%
Other Non-Current Non-Fin. Assets	753.4	752.3	0.2%
Non-Current Assets	20,694.6	20,723.4	-0.1%
Total Assets	45,474.2	47,887.9	-5.0%
Trade Payables	5,184.5	7,505.7	-30.9%
Short-Term Taxes Payable	2,144.0	2,250.8	-4.7%
Short-Term Bank Debt	0.0	0.0	0.0%
Other Current Financial Liabilities	832.8	907.6	-8.2%
Current Provisions	2,333.8	2,405.1	-3.0%
Current Liabilities	10,495.2	13,069.2	-19.7%
Long-Term Taxes Payable	519.5	826.6	-37.1%
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	0.0	0.0	0.0%
Long-Term Provisions	118.3	245.2	-51.8%
Deferred Tax Liabilities	1,235.2	1,227.2	0.7%
Non-Current Liabilities	1,873.0	2,298.9	-18.5%
Total Liabilities	12,368.2	15,368.2	-19.5%
Stockholder's Equity	33,106.1	32,519.8	1.80%
Shares Outstanding (´000)	2,280,206	2,280,206	0.0%
Closing Stock Price	19.88	19.60	1.4%
NA=Not Applicable			