

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

Earnings Report

4Q 2018

Mexico City, February 22, 2019 – Grupo Sanborns, S.A.B. de C.V. (BMV: GSANBOR OTC: GSAOY) announced today its results for the fourth quarter and full year 2018.

HIGHLIGHTS AND RELEVANT EVENTS

- **Total sales** increased 4.2% during the 4Q18 reaching Ps. 16,683 MM. Consolidated **Same Stores Sales (SSS)** grew 1.2%.
- Gross profit grew 3.3% in the 4Q18 totaling Ps. 6,241 MM.
- During the **4Q18, 7 new units were opened**: on October 11 and December 13, two iShops were opened, one in Monterrey, Nuevo León and the other in Ecatepec, State of Mexico. On October 31, the reopening of a Sears and a Sanborns took place and on November 1, also an iShop and a MixUp in the Galerías Coapa Shopping Center in Mexico City, as well as the reopening of a Sanborns in Mérida Altabrisa, Yucatán.
- A positive **Comprehensive Financial Result (CFR)** totaled Ps. 50 MM, compared to Ps. 10 MM in the 4Q17.
- On February 1, 2019, we announced to the investor public that we reached a non-binding agreement with Miniso BF Holding, S.A.P.I. of C.V., for a probable minority equity investment. In case of reaching a definitive agreement, the formalization and execution of the agreements will be subject to obtaining the corresponding authorizations.

FINANCIAL SUMMARY (Million pesos, MM MXN)

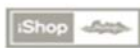
Consolidated Results	4Q18	4Q17	Var%	2018	2017	Var%
Revenues	16,683	16,008	4.2%	51,755	49,768	4.0%
Gross Profit	6,241	6,042	3.3%	20,125	19,724	2.0%
Operating Income	1,985	2,052	-3.3%	4,796	5,158	-7.0%
Controlling Net Income	1,466	1,660	-11.7%	3,535	3,958	-10.7%
EBITDA	2,225	2,288	-2.8%	5,971	6,332	-5.7%
Gross Margin	37.4%	37.7%		38.9%	39.6%	
Operating Margin	11.9%	12.8%		9.3%	10.4%	
EBITDA Margin	13.3%	14.3%		11.5%	12.7%	

TOTAL AND SAME STORES SALES (SSS)

Total sales of Grupo Sanborns grew 4.2% during the fourth quarter of the year, reaching Ps. 16,683 million. The performance of the recently opened Sears stores stood out, such as Cuernavaca Ateranda, Parque Puebla and Parque Las Antenas; as well as the positive contribution in this period of the reopening of Sears, Sanborns, iShop and MixUp in the Galerías Coapa Shopping Center in Mexico City.



www.gsanborns.com.mx



Likewise, the promotions carried out during "El Buen Fin" in November generated higher sales of categories such as technology and electronics, contributing to the 1.2% growth in **consolidated same store sales (SSS)**. The performance by format was 0.6% in Sears, 2.3% in Sanborns and 0.9% in Promotora Musical (iShop / MixUp).

SSS	4Q18	4Q17	2018	2017
Consolidated	1.2%	2.7%	3.6%	2.3%
Sears	0.6%	-4.0%	-0.1%	0.1%

GROSS PROFIT AND OPERATING EXPENSES (SG&A)

Total **gross profit** increased 3.3% totaling Ps. 6,241 MM, including improvements in the gross profit of Sears, Sanborns and Promotora Musical of 4.1%, 1.2% and 7.3%, respectively. The consolidated gross margin was 37.4%, with a higher cost of sales and a greater participation of "big-ticket" items such as furniture, technology and electronics, which have a lower benefit within the product mix.

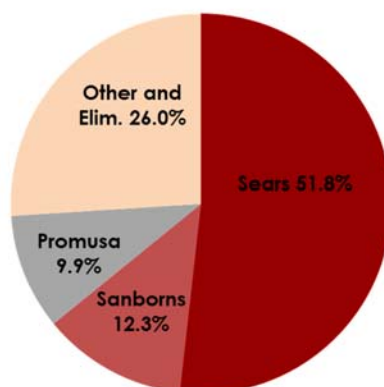
SG&A increased 5.5%, from 26.6% in the 4Q17 to 26.9% in the 4Q18 as a percentage of sales. This was explained by: i) the new iShop stores and the reopenings of the Sears, Sanborns, iShop and Mixup stores in the Galerías Coapa Shopping Center, ii) higher electric power rates and iii) operating expenses of non-comparable stores.

OPERATING INCOME AND EBITDA

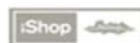
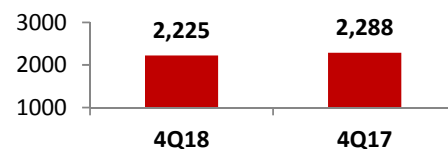
Operating income during the 4Q18 was Ps. 1,985 MM with an 11.9% margin.

Quarterly **EBITDA** decreased 2.8% totaling Ps. 2,225 million pesos, with a margin of 13.3% in the 4Q18.

Operating Income Breakdown
Grupo Sanborns 4Q18



EBITDA (MM Ps)



COMPREHENSIVE FINANCIAL RESULT (CFR)

From October to December 2018, we recorded a **positive comprehensive financing result (CFR)** of Ps. 50 MM, which was higher than the CFR of Ps. 10 MM recorded in the 4Q17. This was mainly due to higher net interest income (net) and an exchange loss of Ps. 18 MM that was less than a loss of Ps. 25 MM in the 4Q17.

(MM MXN)						
Financial Results	4Q18	4Q17	Var%	2018	2017	Var%
Interest Expenses	-34	-56	-38.5%	-158	-144	10.0%
Interest Income	103	91	13.3%	271	195	38.5%
Interest (net)	68	35	95.5%	112	52	118.3%
ForEx Results	-18	-25	-26.6%	-11	6	NA
CFR	50	10	391.2%	101	58	75.8%

NA= Not applicable

NET INCOME

Controlling net income decreased 11.7% in the 4Q18, totaling Ps. 1,466 million, compared to Ps. 1,660 million registered in the previous year.

CREDIT BUSINESS

A total of **215 thousand new cardholders** were added, bringing the number of private label cards to 4.16 million, compared to 3.94 million at the end of December 2017.

The percentage of past due loans over 90 days was 4.4%, very similar to 4.3% in the 4Q17, but showing a sequential improvement compared to the 4.9% reported in the 3Q18. **The delinquency rate is below the market.**

The **loan portfolio** totaled Ps. 12,920 million, increasing 0.2%, while credit income increased from Ps. 894 to Ps. 947 million, which represented a growth of 5.9% in 4Q18

Credit Indicators	4Q18	4Q17	Var%
Credit Portfolio (MM Ps)	12,920	12,891	0.2%
Num. Credit cards issued (MM)	4.16	3.94	5.4%
Non-performing loans (%)	4.4%	4.3%	

DEBT

Grupo Sanborns had no **debt with cost** as of December 31, 2018, while the amount of cash totaled Ps. 2,478 MM compared to Ps. 1,925 MM at the close of December 2017. The difference of Ps. 553 million was due, among other things, to the increase of working capital and debt with suppliers

CAPITAL EXPENDITURES (CapEx)

Investments in fixed assets totaled Ps. 1,418 MM, amount that was 10.4% less than Ps. 1,584 MM at the end of the previous year. In 2018, 14 new stores were opened (three Sears and Sanborns integrated stores, and eight iShops), two expansions of Sears and four major renovations of iShops. Additionally, the reopening of a Sears, a Sanborns, a MixUp and an iShop in the Galerías Coapa Shopping Center; as well as a Sanborns in the Mérida Altabrisa Shopping Center.

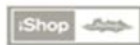
CHART OF THE RENOVATIONS AND EXPANSION PLAN

No.	SEARS	Status	Delivery Date	No.	SANBORNS	Status	Delivery Date	No.	iSHOP	Status	Delivery Date
New Stores:				New Stores:				New Stores:			
1	Cuernavaca Averanda*	Completed	1Q18	1	Cuernavaca Averanda*	Completed	1Q18	1	Parque Puebla	Completed	1Q18
2	Parque Puebla	Completed	2Q18	2	Parque Las Antenas	Completed	3Q18	2	Parque Las Antenas	Completed	2Q18
3	Parque Las Antenas	Completed	3Q18	3	Guadalajara Gran Plaza		2019	3	Tlaxcala	Completed	2Q18
Reopenings				Reopenings				Reopenings			
1	Galerías Coapa	Completed	4Q18	1	Galerías Coapa	Completed	4Q18	4	Cuernavaca Averanda	Completed	3Q18
					Mérida Altabrisa	Completed	4Q18	5	Mundo E	Completed	3Q18
								6	Galerías Mérida	Completed	3Q18
								7	Cumbres Monterrey	Completed	4Q18
								8	Ecatepec	Completed	4Q18
Full Renovations:				Full Renovations:				Full Renovations:			
1	Centro Histórico CDMX (Expansion)*	Completed	3Q18					1	Morelia Michoacán*	Completed	2Q18
2	Perisur CDMX (Expansion)*	Completed	4Q18					2	Chihuahua*	Completed	2Q18
3	Guadalajara Centro (Expansion)		2019					3	Mérida Altabrisa	Completed	2Q18
								4	Perisur (change W/MixUp)	Completed	4Q18
								5	Parroquia		2019
								6	Hermosillo		2019

*Stores that started its renovation or construction in 2017.

RENOVATIONS AND EXPANSIONS

During the 4Q18, both the expansion of Sears and the major renovation of iShop at the Perisur Shopping Center were completed. Expansion works continue at Sears Guadalajara Centro.



RETAIL SPACE AND NUMBER OF STORES

Sales Area	December 2018			December 2017			Sqm Var%
	Units	Retail Sqm	Leaseable Sqm	Units	Retail Sqm	Leaseable Sqm	
Sears	97	869,059		95	827,341		5.0%
Sanborns	167	255,752		174	268,583		-4.8%
Promotora Musical	122	40,491		117	39,458		2.6%
Other*	55	70,520		57	71,678		-1.6%
Shopping Centers	2		71,225	2		71,225	0.0%
Total	441	1,235,822	71,225	443	1,207,059	71,225	2.4%

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

As of December 31, 2018, the sales area totaled 1,235,822 sqm, with an increase of 2.4% in the consolidated commercial area, considering 441 stores.

During the fourth quarter, the following store movements were recorded:

- **Sears:** made the reopening of a store in the Galerías Coapa Shopping Center,
- **Sanborns:** made two reopenings, one at the Galerías Coapa Shopping Center and another in Mérida, Yucatán at the Altabrisa Shopping Center, the latter after being temporarily closed by a fire.
- **Promusa:** opened two new iShop stores, one in Monterrey, Nuevo León in the Cumbres Shopping Center, and another in Ecatepec, in the State of Mexico. An iShop and a MixUp were also reopened in Galerías Coapa.

WORKING CAPITAL

The balance of the inventories account as of December 31, 2018 was Ps. 12,359 MM, increasing 14.4% compared to the balance at the end of December of the previous year, which was Ps. 10,806 MM. The accounts payable to suppliers were Ps. 9,115 MM, which meant an increase of 21.4% in relation to the amount of the 4Q17. Lastly, accounts receivable from customers totaled Ps. 13,012 MM, decreasing 1.9% compared to the close of 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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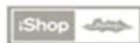
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CONFERENCE CALL DETAILS:

Date: Monday, February 25, 2019

Time: **11:00 A.M.-12:00 P.M. Mexico City/ 12:00 A.M-13:00 P.M. NY (US EST)**

Access Numbers: +52 (55) 6722-5257 Mexico - Local
001 866-779-0965 Mexico Freephone
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Availability: Until March 27, 2019

ADDITIONAL CHARTS:

Income Statement (Million Pesos)										
	4Q18		4Q17		Var %	2018		2017		Var%
Total Revenues	16,683	100.0%	16,008	100.0%	4.2%	51,755	100.0%	49,768	100.0%	4.0%
COGS	10,442	62.6%	9,966	62.3%	4.8%	31,631	61.1%	30,045	60.4%	5.3%
Gross Profit	6,241	37.4%	6,042	37.7%	3.3%	20,125	38.9%	19,724	39.6%	2.0%
SG&A	4,491	26.9%	4,259	26.6%	5.5%	15,618	30.2%	14,882	29.9%	4.9%
Other income (expenses) Net	234	1.4%	269	1.7%	-12.7%	289	0.6%	316	0.6%	-8.6%
Operating Income	1,985	11.9%	2,052	12.8%	-3.3%	4,796	9.3%	5,158	10.4%	-7.0%
Comprehensive Financial Result	50	0.3%	10	0.1%	391.2%	101	0.2%	58	0.1%	75.8%
Share of Profit of Associates and JV's.	75	0.5%	65	0.4%	15.1%	187	0.4%	173	0.3%	8.0%
Income before Taxes	2,110	12.6%	2,128	13.3%	-0.8%	5,084	9.8%	5,389	10.8%	-5.7%
Taxes	557	3.3%	382	2.4%	45.8%	1,346	2.6%	1,227	2.5%	9.7%
Consolidated Net Income	1,554	9.3%	1,746	10.9%	-11.0%	3,738	7.2%	4,162	8.4%	-10.2%
Profit attributable to non-controlling int.	88	0.5%	86	0.5%	2.5%	204	0.4%	204	0.4%	-0.3%
Profit attributable to owners of parent Co.	1,466	8.8%	1,660	10.4%	-11.7%	3,535	6.8%	3,958	8.0%	-10.7%
EBITDA	2,225	13.3%	2,288	14.3%	-2.8%	5,971	11.5%	6,332	12.7%	-5.7%

Balance Sheet figures			
(Million Pesos)	4Q18	4Q17	Var %
Cash & Equivalents	2,477.7	1,924.6	28.7%
Trade Receivables	13,011.6	13,263.9	-1.9%
Recoverable Taxes	1,246.3	1,011.7	23.2%
Other Financial Assets	0.0	0.0	0.0%
Inventories	12,359.2	10,806.0	14.4%
Other Non-Financial Assets	81.7	158.3	-48.4%
Current Assets	29,176.4	27,164.5	7.4%
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	2,272.6	2,085.5	9.0%
Property, Plant and Equipment	14,549.5	14,517.8	0.2%
Investment Properties	2,415.6	2,323.9	3.9%
Intangible Assets and Goodwill	38.2	28.1	35.9%
Deferred Tax Assets	1,233.6	1,014.5	21.6%
Other Non-Current Non-Fin. Assets	695.3	752.3	-7.6%
Non-Current Assets	21,206.0	20,723.4	2.3%
Total Assets	50,382.4	47,887.9	5.2%
Trade Payables	9,115.2	7,505.7	21.4%
Short-Term Taxes Payable	2,308.0	2,250.8	2.5%
Short-Term Bank Debt	0.0	0.0	0.0%
Other Current Financial Liabilities	1,043.0	907.6	14.9%
Current Provisions	2,143.5	2,392.6	-10.4%
Current Liabilities	14,609.7	13,056.7	11.9%
Long-Term Taxes Payable	665.1	826.6	-19.5%
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	56.5	245.2	-77.0%
Other non-current liabilities	15.2	12.5	21.7%
Deferred Tax Liabilities	1,242.6	1,227.2	1.3%
Non-Current Liabilities	1,979.4	2,311.4	-14.4%
Total Liabilities	16,589.1	15,368.2	7.9%
Stockholder's Equity	32,793.3	32,519.8	0.84%
Shares Outstanding (´000)	2,264,891	2,280,206	-0.7%
Closing Stock Price	17.70	19.60	-9.7%
NA=Not Applicable			