

## Soriana reports fourth quarter and full year 2016 financial results

- Revenues of \$149.522 billion pesos equal to 36.7% increase vs. 2015.
- Same-Store Sales of 7.2% in the year and 5.3% in the 4Q16.
- Increase of 100 basis points in the consolidated gross margin to 22.2%.
- Expansion of 110 basis points in the annual EBITDA margin to 7.9%.
- Opening of 4 new units and the mayor remodeling of two additional stores.
- 7.6% growth in net cash profit of the year.
- Annual debt reduction of \$9.461 billion pesos over the total amount of the transaction of Comerci.

**Monterrey, N.L., February 24<sup>th</sup>, 2017.** Organización Soriana, S.A.B. de C.V. (Soriana) announces the financial results corresponding to 4Q and full year 2016. Figures in this report are shown in nominal terms in accordance with International Financial Reporting Standards (IFRS).

### 2016 Fourth Quarter and Full Year Operation Performance

In this fourth quarter, the Company was able to positively complete a year that will undoubtedly be remembered as a year of big changes within our organization but also a year of big events for our country and to the world.

It is clear that the last few months of 2016 were the beginning of a period of increased uncertainty for our country, thus decreasing consumers' trust. Nevertheless we are pleased to see our constant growth trend, supported by our differentiation strategy focused on the customers by strengthening our loyalty programs and intensifying the implementation of promotion schemes that has allowed us to have positive results, not only these last 3 months but throughout the whole year.

A solid year closing where same store sales had a 5.3% increase during the quarter and 7.2% for the year. Commercial closing activities of the year, like the "*Buen Fir*" [Black Friday] campaign in the month of November showed an increase of 6.0% as compared to 2015. Likewise, the Christmas season had very good closing results in all of our store formats. In this manner, our total consolidated quarter Income was MXN\$40.639 billion pesos an increase of 31.8% as compared to the same quarter of the previous year.

Consolidated Income reached a historical figure of MXN \$149.522 billion pesos, representing 36.7% growth as compared to 2015.

We continue observing very good performance in all of our store formats, particularly in the Soriana formats, which cumulatively exceeded the results reported by ANTAD. Likewise, Comercial Mexicana store formats had positive performance.

Quarterly gross margin had an increase of 80 base points as compared to 4Q15 due to the integration of CCM operations, as well as synergies obtained and better commercial terms with suppliers, this figure rise to 22.7% margin amounting to MXN \$9.236 billion pesos, that is 36.5% growth as compared to same period in 2015. In cumulative terms, gross income increased 43.2% vs 2015 amounting to MXN \$33.161 billion pesos equivalent to 22.2% sales margin, 100 base points greater than the annual gross margin obtained in 2015.

Quarter operating expenses (without depreciation and amortization) were kept stable as a percentage of sales as compared to the same period in 2015, reaching 13.8% equivalent to MXN \$5.600 billion pesos. In cumulative terms, expenses amounted to MXN \$21.362 billion pesos (14.3% over sales) which represents an increase of 35.9% in regard to the amount displayed for the same period in the previous year, which is lower than the increase of total income, thus producing an operating leverage of approximately 10 base points.

As a consequence of the above, quarterly EBITDA<sup>(1)</sup> reached to MXN \$3.644 billion pesos, meaning an increase of 45% as compared to the same period in 2015 and an EBITDA margin of 9.0%. In cumulative terms EBITDA was MXN \$11.840 billion pesos, representing a margin of 7.9% and 58.7% annual growth.

Net financial cost observed in 2016 increased 344.9% to MXN \$1.893 billion pesos, as of major financial expenses due to the increase on debt level and interest rates compared to 2015 pursuant to the acquisition of Comercial Mexicana. At the same time, a lower Fx loss going from MXN \$334 million pesos in 2015 to MXN \$235.7 million pesos as of year closing, a variation of 29.4%. In the fourth quarter, net financial cost amounted to MXN \$583 million pesos, a figure higher than MXN \$83.8 million pesos reported in an equivalent period of 2015.

Finally, quarterly consolidated net earnings reached MXN \$1.535 billion pesos, which represent a 3.8% over sales, with an increase of 17.7%. In cumulative terms, net earnings rose to MXN \$4.208 billion pesos, which represent 2.8% over sales and 12.9% increase against the figure of the 2015 closing.

(1) EBITDA means Earnings before Interest, Taxes, Depreciation and Amortization.

## New Stores Information

During the year, in addition to the integration of Comercial Mexicana stores, 4 stores were inaugurated; 2 Soriana Hypermarkets, one in Mexico City and the other one in the city of Durango in the north part of the country. Additionally 1 Soriana Super in the state of Jalisco and one Club City in Mexico City, reaching a total of 827 units in operation and a growth in the sales floor area of 31%. Likewise the store Soriana Hiper "Miyana Polanco" was re-inaugurated in Mexico City under a renewed "Premium" store concept as well as the store Soriana Hiper "San Pedro" in Monterrey. Additionally a definitive closing of 2 units, one in the state Jalisco and the last one in Mexico City, are reported.

## Operating Information

Below is a comparative table of the number of units in operation per store format as of the year end 2016

| Store Format       | 2016       | 2015       | Sales Floor Area as of 2016 | Sales Floor Growth |
|--------------------|------------|------------|-----------------------------|--------------------|
| Soriana Hiper      | 274        | 272        | 2,013,609                   | 0.6%               |
| Soriana Super      | 129        | 129        | 265,352                     | -0.5%              |
| Soriana Mercado    | 141        | 141        | 616,358                     | 0.0%               |
| Soriana Express    | 105        | 106        | 148,798                     | -1.5%              |
| City Club          | 35         | 34         | 281,243                     | 2.6%               |
| Mega               | 64         | -          | 549,158                     | *                  |
| Comercial Mexicana | 42         | -          | 264,594                     | *                  |
| Bodega Comercial   | 34         | -          | 181,368                     | *                  |
| Alprecio           | 3          | -          | 3,840                       | *                  |
| <b>Total</b>       | <b>827</b> | <b>682</b> | <b>4,324,320</b>            | <b>30.7%</b>       |

## Social Responsibility Actions

As part of our Social Responsibility strategy, we have 4 pillars that represent a solid platform of our Corporate Social Responsibility with our customers, community in general, suppliers, collaborators and shareholders. Said pillars were supported throughout the year through the following actions:

## a) Soriana Fundacion

- *Soriana Foundation* continued setting children at the center of its programs by channeling 45% of its resources to this cause and other causes related to health, education and food, among others. In 2016, we supported 444 institutes which in turn benefitted 478,175 individuals. The Social Investment made during the year was MXN \$110.9 million pesos.
- We have continued giving support, for 9 consecutive years, to the Teleton campaign with the purpose of helping thousands of Mexican children and teenagers who suffer from several disabilities, cancer and autism to have a better quality of life. We contributed with \$14.1 million pesos thanks to the generosity of our customers, collaborators and the Company itself.
- We also conducted a campaign called "volunteers at heart", wherein several of our collaborators and their families attended different social welfare activities of the program "Guerreros de Corazón" in support of underprivileged sectors of our community in order to promote moral values for an integral development of people.
- As part of our Holidays season, we held our event called the "Hope Tree" in which every collaborator adopted a Christmas wish of a child or elder in vulnerable or abandonment condition sending messages of joy and hope. In this event, 8,503 children and 692 elders were benefitted.

## b) Environment

- Our efforts to supply Renewable Energy to our stores and to reduce our Carbon Footprint, we continued with our different training programs for our store personnel in order to reinforce several environmental topics such as sustainability and efficient use of energy.
- During 2016 we achieved to reduce our Contaminant Emissions in a 29.3% as a consequence of our use of Renewable Energy, avoiding the production of 179,042 Tons of CO<sub>2</sub> in 308 business units, which is equivalent of keeping 52,283 compact cars out of the streets.

## c) Good Business Practices

- In Soriana we support the efforts of the small producers and help them enter our company so our customers can taste new and attractive regional products. That's why during this quarter we conducted 3 SME (PYME) fairs in the states of Tlaxcala, Hidalgo and Sonora, where our vendors had the opportunity of displaying their



products for the enjoyment of our customers. During the year, were conducted 15 SME fairs.

#### **d) Soriana Universidad**

- In order to continue supporting the growth and professional development of our collaborators, Soriana Universidad has offered scholarships to more than 708 people from elementary to graduate levels, holding during this year the graduation of 744 collaborators under all academic levels. Likewise, we offered more than 3.2 million training hours, which represents 41.4 hours per collaborator; in other words, an average of 3.45 hours per month per collaborator.

**Organización Soriana, S.A.B. de C.V. and Subsidiaries**  
**Consolidated Statements of Income**

Millions of nominal pesos

|  | <b>Fourth Quarter</b> |              |               |              |               |
|--|-----------------------|--------------|---------------|--------------|---------------|
|  | <b>4Q2016</b>         | <b>%</b>     | <b>4Q2015</b> | <b>%</b>     | <b>Var. %</b> |
| Net Sales  | 40,639                | 100          | 30,834        | 100          | 31.8          |
| Cost of Sales  | 31,403                | 77.3         | 24,068        | 78.1         | 30.5          |
| <b>Gross Income</b>                                    | <b>9,236</b>          | <b>22.7</b>  | <b>6,766</b>  | <b>21.9</b>  | <b>36.5</b>   |
| Operating Expenses                                     | 5,600                 | 13.8         | 4,266         | 13.8         | 31.3          |
| <b>Income before other expenses, net</b>               | <b>3,636</b>          | <b>8.9</b>   | <b>2,500</b>  | <b>8.1</b>   | <b>45.5</b>   |
| Other Income and (Expenses), Net                       | 8                     | 0.0          | 13            | 0.0          | (38.3)        |
| <b>EBITDA</b>  | <b>3,644</b>          | <b>9.0</b>   | <b>2,513</b>  | <b>8.1</b>   | <b>45.0</b>   |
| Depreciation and Amortization                          | 777                   | 1.9          | 543           | 1.8          | 43.1          |
| <b>Operating Income</b>                                | <b>2,867</b>          | <b>7.1</b>   | <b>1,970</b>  | <b>6.4</b>   | <b>45.5</b>   |
| Interest Income and (Expenses), Net                    | (482)                 | (1.2)        | (22)          | (0.1)        | 2,064.8       |
| Foreign Exchange Gain (Losses)                         | (101)                 | (0.2)        | (62)          | (0.2)        | 63.6          |
| <b>Comprehensive Financing Income</b>                  | <b>(583)</b>          | <b>(1.4)</b> | <b>(84)</b>   | <b>(0.3)</b> | <b>595.7</b>  |
| Minority Interest                                      | 11                    | 0.0          | 11            | 0.0          | (0.4)         |
| <b>Earnings Before Income Tax &amp; Profit Sharing</b> | <b>2,295</b>          | <b>5.6</b>   | <b>1,897</b>  | <b>6.2</b>   | <b>21.0</b>   |
| Tax Provision  | 760                   | 1.9          | 593           | 1.9          | 28.2          |
| <b>Net Earnings</b>                                    | <b>1,535</b>          | <b>3.8</b>   | <b>1,305</b>  | <b>4.2</b>   | <b>17.7</b>   |
| Controlling interest                                   | 1,529                 | 3.8          | 1,305         | 4.2          | 17.2          |
| Non-controlling interest                               | 6                     | 0.0          | 0             | 0.0          | *             |
| <b>Cash Net Profit</b>                                 | <b>1,883</b>          | <b>4.6</b>   | <b>2,079</b>  | <b>6.7</b>   | <b>(9.4)</b>  |

**Organización Soriana, S.A.B. de C.V. and Subsidiaries**  
**Consolidated Statements of Income**

Millions of nominal pesos

|   | <b>Fourth Quarter - Accumulated</b> |              |               |              |               |
|---|-------------------------------------|--------------|---------------|--------------|---------------|
|   | <b>2016</b>                         | <b>%</b>     | <b>2015</b>   | <b>%</b>     | <b>Var. %</b> |
| Net Sales                                       | 149,522                             | 100          | 109,380       | 100          | 36.7          |
| Cost of Sales                                   | 116,361                             | 77.8         | 86,225        | 78.8         | 35.0          |
| <b>Gross Income</b>                             | <b>33,161</b>                       | <b>22.2</b>  | <b>23,155</b> | <b>21.2</b>  | <b>43.2</b>   |
| Operating Expenses                              | 21,362                              | 14.3         | 15,721        | 14.4         | 35.9          |
| <b>Income before other expenses, net</b>        | <b>11,799</b>                       | <b>7.9</b>   | <b>7,434</b>  | <b>6.8</b>   | <b>58.7</b>   |
| Other Income and (Expenses), Net                | 41                                  | 0.0          | 27            | 0.0          | 50.1          |
| <b>EBITDA</b>                                   | <b>11,840</b>                       | <b>7.9</b>   | <b>7,461</b>  | <b>6.8</b>   | <b>58.7</b>   |
| Depreciation and Amortization                   | 3,464                               | 2.3          | 2,155         | 2.0          | 60.7          |
| <b>Operating Income</b>                         | <b>8,376</b>                        | <b>5.6</b>   | <b>5,306</b>  | <b>4.9</b>   | <b>57.9</b>   |
| Interest Income and (Expenses), Net             | (1,657)                             | (1.1)        | (92)          | (0.1)        | *             |
| Foreign Exchange Gain (Losses)                  | (236)                               | (0.2)        | (334)         | (0.3)        | (29.4)        |
| <b>Comprehensive Financing Income</b>           | <b>(1,892)</b>                      | <b>(1.3)</b> | <b>(425)</b>  | <b>(0.4)</b> | <b>344.9</b>  |
| Gain from long-term liability extinguishment    | 0                                   | 0.0          | 451           | 0.4          | *             |
| Minority Interest                               | 78                                  | 0.1          | 68            | 0.1          | 13.5          |
| <b>Earnings Before Tax &amp; Profit Sharing</b> | <b>6,561</b>                        | <b>4.4</b>   | <b>5,400</b>  | <b>4.9</b>   | <b>21.5</b>   |
| Tax Provision                                   | 2,353                               | 1.6          | 1,674         | 1.5          | 40.5          |
| <b>Net Earnings</b>                             | <b>4,208</b>                        | <b>2.8</b>   | <b>3,726</b>  | <b>3.4</b>   | <b>12.9</b>   |
| <b>Controlling interest</b>                     | <b>4,187</b>                        | <b>2.8</b>   | <b>3,726</b>  | <b>3.4</b>   | <b>12.4</b>   |
| Non-controlling interest                        | 22                                  | 0.0          | 0             | 0.0          | *             |
| <b>Cash Net Profit</b>                          | <b>7,214</b>                        | <b>4.8</b>   | <b>6,705</b>  | <b>6.1</b>   | <b>7.6</b>    |



**Organización Soriana, S.A.B. de C.V. and Subsidiaries**  
**Consolidated Balance Sheets**

Millions of nominal pesos

|   | 2016           | %           | 2015           | %           | Var. %        |
|---|----------------|-------------|----------------|-------------|---------------|
| <b>ASSETS</b>                                     |                |             |                |             |               |
| <b>Current Assets</b>                             |                |             |                |             |               |
| Cash and Cash Equivalents                         | 2,718          | 2.1         | 22,675         | 22.3        | (88.0)        |
| Trade   | 1,874          | 1.5         | 2,166          | 2.1         | (13.5)        |
| Other Accounts Receivable                         | 4,391          | 3.4         | 3,565          | 3.5         | 23.2          |
| Inventories                                       | 25,276         | 19.7        | 17,589         | 17.3        | 43.7          |
| Other Current Assets                              | 229            | 0.2         | 90             | 0.1         | 154.9         |
| Assets classified as held for sale                | 1,090          | 0.8         | 0              | 0.0         | *             |
| <b>Total Current Asset</b>                        | <b>35,579</b>  | <b>27.7</b> | <b>46,085</b>  | <b>45.3</b> | <b>(22.8)</b> |
| <b>Property and Equipment, Net</b>                | <b>69,738</b>  | <b>54.3</b> | <b>44,199</b>  | <b>43.4</b> | <b>57.8</b>   |
| <b>Intangible Assets</b>                          | <b>20,777</b>  | <b>16.2</b> | <b>9,521</b>   | <b>9.3</b>  | <b>118.2</b>  |
| <b>Other Assets</b>                               | <b>2,301</b>   | <b>1.8</b>  | <b>2,039</b>   | <b>2.0</b>  | <b>12.9</b>   |
| <b>Total Assets</b>                               | <b>128,396</b> | <b>100</b>  | <b>101,845</b> | <b>100</b>  | <b>26.1</b>   |
| <b>LIABILITIES</b>                                |                |             |                |             |               |
| <b>Current Liabilities</b>                        |                |             |                |             |               |
| Suppliers   | 28,046         | 21.8        | 19,807         | 19.4        | 41.6          |
| Debt Certificates                                 | 4,554          | 3.5         | 388            | 0.4         | 1,074.6       |
| Other Accounts Payable                            | 2,364          | 1.8         | 1,157          | 1.1         | 104.4         |
| Other Liabilities without cost                    | 2,300          | 1.8         | 1,205          | 1.2         | 90.9          |
| <b>Total Current Liabilities</b>                  | <b>37,265</b>  | <b>29.0</b> | <b>22,556</b>  | <b>22.1</b> | <b>65.2</b>   |
| Deferred Taxes                                    | 12,771         | 9.9         | 9,226          | 9.1         | 38.4          |
| Long Term Debt                                    | 21,402         | 16.7        | 16,724         | 16.4        | 28.0          |
| Other Liabilities                                 | 2,830          | 2.2         | 3,211          | 3.2         | (11.9)        |
| <b>Total Long Term Liabilities</b>                | <b>37,003</b>  | <b>28.8</b> | <b>29,160</b>  | <b>28.6</b> | <b>26.9</b>   |
| <b>Total Liabilities</b>                          | <b>74,268</b>  | <b>57.8</b> | <b>51,716</b>  | <b>50.8</b> | <b>43.6</b>   |
| <b>Stockholders' Equity</b>                       |                |             |                |             |               |
| Paid-In Capital Stock                             | 83             | 0.1         | 83             | 0.1         | 0.0           |
| Restatement of Paid-In Capital Stock              | 1,171          | 0.9         | 1,171          | 1.1         | 0.0           |
| Premium on Sales of Shares                        | 977            | 0.8         | 979            | 1.0         | (0.2)         |
| Repurchase Fund of Shares                         | 550            | 0.4         | 550            | 0.5         | 0.0           |
| Accumulated Earnings                              | 51,348         | 40.0        | 47,346         | 46.5        | 8.5           |
| <b>Total Stockholders' Equity</b>                 | <b>54,128</b>  | <b>42.2</b> | <b>50,129</b>  | <b>49.2</b> | <b>8.0</b>    |
| <b>Total Liabilities and Stockholders' Equity</b> | <b>128,396</b> | <b>100</b>  | <b>101,845</b> | <b>100</b>  | <b>26.1</b>   |



Organización Soriana, S.A.B. de C.V. and Subsidiaries

Consolidated Cash Flow Statements

Millions of nominal pesos

|  | <u>2016</u>            | <u>2015</u>           | <u>Var. %</u>         |
|--|------------------------|-----------------------|-----------------------|
| <b><u>OPERATING ACTIVITIES</u></b>                         |                        |                       |                       |
| Income before Income Tax                                   | 6,561                  | 5,400                 | 21.5                  |
| <b><u>Items related to investment activities:</u></b>      |                        |                       |                       |
| Depreciation & Amortization                                | 3,464                  | 2,155                 | 60.7                  |
| Loss on the sales of property and equipment                | (454)                  | (797)                 | (43.1)                |
| Participation in Subsidiaries                              | (78)                   | (68)                  | 13.5                  |
| Foreign Exchange   | 118                    | 140                   | (15.1)                |
| <b><u>Items related to financing activities</u></b>        |                        |                       |                       |
| Interest Expense   | 1,902                  | 269                   | 608.0                 |
| <b>Total</b>   | <b><u>11,514</u></b>   | <b><u>7,098</u></b>   | <b><u>62.2</u></b>    |
| Clients  | 292                    | 678                   | (57.0)                |
| Inventories  | (7,927)                | (1,444)               | 448.9                 |
| Suppliers  | 8,224                  | 67                    | 12,163.7              |
| Payable and receivable accounts                            | (2,795)                | (202)                 | 1,283.8               |
| Income Tax Paid  | (1,730)                | (1,300)               | 33.1                  |
| <b>Net cash flow from operating activities</b>             | <b><u>7,577</u></b>    | <b><u>4,897</u></b>   | <b><u>54.7</u></b>    |
| <b><u>INVESTING ACTIVITIES</u></b>                         |                        |                       |                       |
| Acquisitions of property and equipment                     | (2,587)                | (1,879)               | 37.7                  |
| Investment in business acquisition, net of assets acquired | (35,418)               | 0                     | *                     |
| Net cash outflow on acquisition of associates              | (225)                  | 0                     | *                     |
| Investment in shares                                       | (65)                   | 13                    | (614.7)               |
| Sale of property   | 1,172                  | 505                   | 132.0                 |
| <b>Net Cash flow from investing activities</b>             | <b><u>(37,123)</u></b> | <b><u>(1,361)</u></b> | <b><u>*</u></b>       |
| <b>Cash receivable from financing activities</b>           | <b><u>(29,546)</u></b> | <b><u>3,535</u></b>   | <b><u>(935.8)</u></b> |
| <b><u>FINANCING ACTIVITIES</u></b>                         |                        |                       |                       |
| Financing Obtained   | 61,006                 | 37,502                | 62.7                  |
| Financing Repaid   | (49,515)               | (20,750)              | 138.6                 |
| Other financing activities                                 | 0                      | (14)                  | (100.0)               |
| Interest Paid  | (1,902)                | (271)                 | 602.5                 |
| <b>Net cash flow from financing activities</b>             | <b><u>9,589</u></b>    | <b><u>16,467</u></b>  | <b><u>(41.8)</u></b>  |
| <b>Net decrease in cash and cash equivalents</b>           | <b>(19,957)</b>        | <b>20,002</b>         | <b>(199.8)</b>        |
| <b>Cash and cash equivalents at beginning of period</b>    | <b><u>22,675</u></b>   | <b><u>2,673</u></b>   | <b><u>748.3</u></b>   |
| <b>Cash and cash equivalents at end period</b>             | <b><u>2,718</u></b>    | <b><u>22,675</u></b>  | <b><u>(88.0)</u></b>  |