

## Soriana Announces Third Quarter 2016 Financial Results

- Revenues of \$37.197 billion pesos equal to 39.5% increase vs. 3Q15
- Increase of 9.1% on same-store sales in the third quarter
- Increase of 130 basis points in consolidated gross margin at 21.9%
- Expansion of 160 basis points in consolidated EBITDA at 2.718 billion pesos, implying an 80.3% growth compared to the same period of 2015

**Monterrey, N.L. October 21<sup>st</sup>, 2016.-** Organización Soriana, S.A.B. de C.V. (Soriana) announces financial results for the third quarter of 2016. The amounts contained herein are nominal and in accordance with the International Financial Reporting Standards (IFRS).

### 3Q 2016 Operating Performance

Despite the slowdown shown by certain sectors, consumption remained dynamic in the third quarter, supported, partly, by the increase of promotional activity, as well as the fact that the disposable income continued growing, since inflationary pressures were contained and formal employment continued showing growth. Thus, Soriana's same-store sales increased 9.1% in the third quarter. It should be noted that during July and through August 11<sup>th</sup>, the *Julio Regalado* promotional campaign continued, which, for the first time, was implemented at national level in 791 stores under the Soriana y Comercial Mexicana formats.

Total consolidated sales added up to \$37.197 billion pesos, indicating an expansion of 39.5% versus 3Q2015. In accumulated terms, total consolidated sales resulted in \$108.883 billion pesos, representing a 38.6% growth, compared to the same period in 2015. We continued observing a good performance in all of our store formats and specifically in our City Club, Soriana Híper and Soriana Mercado formats.

Quarterly gross margin increased 1.3 percentage points compared to 3Q15 due to the CCM operations integration, efficiencies in our logistics and distribution chain, as well as to better commercial terms, increasing to 21.9%. The two companies maintain their commercial strategies in order to offer the best promotions and value proposals to customers. Gross profit for this quarter reached \$8.136 billion pesos, which accounts for a 47.9% growth versus 3Q2015. In accumulated terms, gross profit increased 46.0% to \$23.925 billion pesos.

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On the other hand, operating expenses (without depreciation and amortization) decreased 30 base points as a percentage of sales. We had a decrease as a percentage of sales in the energy expense and in other general areas as the effect of synergy generation in the quarter. From July to September, the operating expense increased to \$5.421 billion pesos, equivalent to 14.6% on sales, which represents an increase of 36.0% in regard to the amount shown in the same period the previous year. In accumulated terms, expenses add up to \$15.762 billion pesos, representing 14.5% of total sales, which accounts for a 37.6% growth in annual comparison and is lower than the total income expansion generating an operating leverage.

In view of the foregoing, the quarterly EBITDA<sup>(1)</sup> increased to \$2.718 billion pesos, indicating an expansion of 80.3% in regard to the similar period in 2015 and an EBITDA margin of 7.3%. In accumulated terms, the EBITDA was \$8.196 billion pesos, representing a 7.5% margin and a 65.6% annual increase.

The quarterly financial cost was of \$419 million pesos, compared to a financial cost of \$186 million pesos in the same period of 2015. This variation is mainly due to the fact that the gross debt increased to \$31.345 billion pesos as a consequence of the CCM acquisition. In favor, the exchange rate loss was lower, due to currency hedging done during the quarter.

Finally, the quarterly consolidated net income resulted in \$885 million pesos, which account for a percentage on sales of 2.4% and is translated into an annual expansion of 1.7%. It should be recalled that during the third quarter of the previous year, an extraordinary income of \$451 million pesos was recognized, derived from the non-interest bearing liability extinguishment associated to the Soribana operation, having at that time a one-off positive impact. Excluding this extraordinary effect, the increase in the net profit was of 111.4%. On the other hand, tax rate added up to 37.3% in the third quarter of 2016, as a consequence, mainly of the negative effect in the base profit because of the tax calculation due to amortization of intangible assets from the CCM acquisition and of the inflation adjustment for the CCM purchase. In accumulated terms, as of September 2016, the net consolidated profit adds up to \$2.673 billion pesos, representing a 10.4% growth against similar period of the previous year and a 2.5% net margin.

(1) EBITDA is defined as operating earnings before depreciation and amortization.

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## Opening of New Stores

During the third quarter of the year, two stores were opened: a Super Soriana in Jalisco and Hiper in Durango, obtaining a total of 827 units in operation and a sales floor growth of 31.1%.

## Operational Information

Below is a comparative table of the number of units in operation per store format as of the end of the third quarter of 2016, considering CCM's operations.

Store Format	3Q2016	3Q2015	Sales Floor Area as of 3Q2016	Sales Floor Growth
Soriana Híper	274	271	2,012,037	0.8%
Soriana Súper	129	127	265,352	1.0%
Soriana Mercado	141	140	616,357	0.5%
Soriana Express	105	106	148,798	-0.9%
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>678</b>	<b>4,322,747</b>	<b>31.1%</b>

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## Social Responsibilities Activities

As part of our Corporate Social Responsibility strategy, we have 4 pillars that represent a solid platform of our Corporate Social Responsibility before our customers, community in general, suppliers, employees and shareholders. These pillars were supported throughout the quarter by means the following actions:

### a) Soriana Foundation

- During September one of the projects with the greatest impact for Soriana Foundation was completed in Perla, Veracruz through which, from 2011, the installation of 1,705 ecological stoves was achieved, with an investment of more than \$3.7 million pesos, as well as the construction of 31 classrooms, 80 restrooms and the remodeling of 20 classrooms, with an investment \$10.4 million pesos.
- The Voluntarios de Corazón (Volunteer by Heart) program continued being fostered during this quarter. There was a bakery workshop for more than 520 handicapped children and youngsters of the Club Amigo Teletón 2016 Program. One hundred seventy charity institutions were supported, representing a social investment of \$30.7 million pesos, thanks to the contribution of our customers.

### b) Environment

- The "Development of Inventory of Greenhouse Gas Emissions" was completed. The result indicates that the 2015 emissions of Soriana S.A. de C.V. stores were 546,078 TonCO<sub>2</sub>e and 45,835 Ton CO<sub>2</sub>e of Transportes Cad S.A. de C.V.
- The installation of "Electrolineras" (Electrical charging stations) began in the parking lots of 11 stores of the chain located in Mexico City, State of Mexico, Guadalajara and Monterrey.
- As of to date, there are 256 stores supplied with renewable sources. It is expected that by the end of 2016 there will be 567 stores.

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### c) Good Business Practices

- During the quarter, we invited suppliers of the States of Nuevo León, Tlaxcala, Guanajuato, Morelos and Michoacán to participate in business round tables in the State of Querétaro, receiving more than 200 suppliers. We also organized the “Feria de Productos Mexiquenses” (Fair of State of Mexico’s Products) contacting 62 new suppliers.

### d) Soriana University

- During the third quarter of 2016, there were 834,748 hours of training for our employees. This represent a total of 10.73 hours per employee; that is, an average of 3.58 hours a month per employee.

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

	Third Quarter				
	3Q2016	%	3Q2015	%	Var. %
Net Sales	37,197	100	26,673	100	39.5
Cost of Sales	29,061	78.1	21,170	79.4	37.3
<b>Gross Income</b>	<b>8,136</b>	<b>21.9</b>	<b>5,502</b>	<b>20.6</b>	<b>47.9</b>
Operating Expenses	5,421	14.6	3,986	14.9	36.0
<b>Income before other expenses, Net</b>	<b>2,715</b>	<b>7.3</b>	<b>1,516</b>	<b>5.7</b>	<b>79.1</b>
Other Income and (Expenses), Net	2	0.0	(9)	(0.0)	(127.1)
<b>EBITDA</b>	<b>2,718</b>	<b>7.3</b>	<b>1,507</b>	<b>5.7</b>	<b>80.3</b>
Depreciation and Amortization	907	2.4	541	2.0	67.7
<b>Operating Income</b>	<b>1,810</b>	<b>4.9</b>	<b>966</b>	<b>3.6</b>	<b>87.5</b>
Interest Income and (Expenses), Net	(416)	(1.1)	(18)	(0.1)	(*)
Foreign Exchange Gain (Losses)	(3)	(0.0)	(168)	(0.6)	(98.1)
<b>Comprehensive Financing Income</b>	<b>(419)</b>	<b>(1.1)</b>	<b>(186)</b>	<b>(0.7)</b>	<b>125.7</b>
Gain from long-term liability extinguishment	0	0.0	451	1.7	(100.0)
Minority Interest	20	0.1	23	0.1	(13.5)
<b>Earnings Before Income Tax &amp; Profit Sharing</b>	<b>1,411</b>	<b>3.8</b>	<b>1,254</b>	<b>4.7</b>	<b>12.5</b>
Tax Provision	526	1.4	385	1.4	36.9
<b>Net Earnings</b>	<b>885</b>	<b>2.4</b>	<b>870</b>	<b>3.3</b>	<b>1.7</b>
<b>Controlling Interest</b>	<b>878</b>	<b>2.4</b>	<b>870</b>	<b>3.3</b>	<b>0.9</b>
Non-controlling interest	7	0.0	0	0.0	(*)
<b>Cash Net Profit</b>	<b>1,801</b>	<b>4.8</b>	<b>1,706</b>	<b>6.4</b>	<b>5.5</b>

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**Consolidated Statements of Income**  
 Millions of nominal pesos

	Third Quarter - Accumulated				
	3Q2016	%	3Q2015	%	Var. %
Net Sales	108,883	100	78,545	100	38.6
Cost of Sales	84,958	78.0	62,157	79.1	36.7
<b>Gross Income</b>	<b>23,925</b>	<b>22.0</b>	<b>16,389</b>	<b>20.9</b>	<b>46.0</b>
Operating Expenses	15,762	14.5	11,454	14.6	37.6
<b>Income before other expenses, Net</b>	<b>8,163</b>	<b>7.5</b>	<b>4,934</b>	<b>6.3</b>	<b>65.4</b>
Other Income and (Expenses), Net	33	0.0	14	0.0	132.5
<b>EBITDA</b>	<b>8,196</b>	<b>7.5</b>	<b>4,948</b>	<b>6.3</b>	<b>65.6</b>
Depreciation and Amortization	2,687	2.5	1,612	2.1	66.7
<b>Operating Income</b>	<b>5,509</b>	<b>5.1</b>	<b>3,336</b>	<b>4.2</b>	<b>65.1</b>
Interest Income and (Expenses), Net	(1,174)	(1.1)	(69)	(0.1)	(*)
Foreign Exchange Gain (Losses)	(135)	(0.1)	(272)	(0.3)	(50.4)
<b>Comprehensive Financing Income</b>	<b>(1,309)</b>	<b>(1.2)</b>	<b>(342)</b>	<b>(0.4)</b>	<b>283.4</b>
Gain from long-term liability extinguishment	0	0.0	451	0.6	(100.0)
Minority Interest	67	0.1	57	0.1	16.3
<b>Earnings Before Tax &amp; Profit Sharing</b>	<b>4,266</b>	<b>3.9</b>	<b>3,503</b>	<b>4.5</b>	<b>21.8</b>
Tax Provision	1,593	1.5	1,081	1.4	47.3
<b>Net Earnings</b>	<b>2,673</b>	<b>2.5</b>	<b>2,422</b>	<b>3.1</b>	<b>10.4</b>
<b>Controlling Interest</b>	<b>2,652</b>	<b>2.4</b>	<b>2,422</b>	<b>3.1</b>	<b>9.5</b>
Non- Controlling Interest	21	0.0	0	0.0	(*)
<b>Cash Net Profit</b>	<b>5,332</b>	<b>4.9</b>	<b>4,626</b>	<b>5.9</b>	<b>15.2</b>

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

Millions of nominal pesos

	2016	%	2015	%	Var. %
<b>ASSETS</b>					
<b>Current Cash</b>					
Cash and Cash Equivalents	2,008	1.6	786	1.0	155.5
Trade	2,283	1.8	2,571	3.3	(11.2)
Other Accounts Receivable	3,486	2.8	2,740	3.5	27.2
Inventories	24,254	19.6	17,004	21.6	42.6
Other Current Assets	361	0.3	114	0.1	216.4
Assets Classified as Held for Sale	1,106	0.9	0	0.0	(*)
<b>Total Current Assets</b>	<b>33,498</b>	<b>27.0</b>	<b>23,215</b>	<b>29.4</b>	<b>44.3</b>
<b>Property and Equipment, Net</b>	<b>69,178</b>	<b>55.8</b>	<b>44,116</b>	<b>55.9</b>	<b>56.8</b>
<b>Intangible Assets</b>	<b>20,389</b>	<b>16.4</b>	<b>10,544</b>	<b>13.4</b>	<b>93.4</b>
<b>Other Assets</b>	<b>932</b>	<b>0.8</b>	<b>989</b>	<b>1.3</b>	<b>(5.8)</b>
<b>Total Assets</b>	<b>123,997</b>	<b>100</b>	<b>78,864</b>	<b>100</b>	<b>57.2</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Suppliers	21,834	17.6	15,945	20.2	36.9
Short Term Debt	5,680	4.6	0	0.0	(*)
Other Accounts Payable	2,185	1.8	1,095	1.4	99.5
Other Liabilities Without Cost	1,670	1.3	762	1.0	119.1
<b>Total Current Liabilities</b>	<b>31,369</b>	<b>25.3</b>	<b>17,802</b>	<b>22.6</b>	<b>76.2</b>
Deferred Taxes	10,569	8.5	9,020	11.4	17.2
Long Term Debt	25,664	20.7	0	0.0	*
Other Liabilities	3,848	3.1	3,218	4.1	19.6
<b>Total Long Term Liabilities</b>	<b>40,082</b>	<b>32.3</b>	<b>12,238</b>	<b>15.5</b>	<b>227.5</b>
<b>Total Liabilities</b>	<b>71,451</b>	<b>57.6</b>	<b>30,040</b>	<b>38.1</b>	<b>137.9</b>
<b>Stockholder's 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	1.5	0.0
Premium on Sale of Shares	977	0.8	979	1.2	(0.2)
Share Repurchase Fund	550	0.4	550	0.7	0.0
Accumulated Earnings	49,766	40.1	46,042	58.4	8.1
<b>Total Stockholder's Equity</b>	<b>52,546</b>	<b>42.4</b>	<b>48,824</b>	<b>61.9</b>	<b>7.6</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>123,997</b>	<b>100</b>	<b>78,864</b>	<b>100</b>	<b>57.2</b>

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**Organización Soriana, S.A.B. de C.V. and Subsidiaries**
**Consolidated Cash Flow Statement**

Millions of nominal pesos

	<u>2016</u>	<u>2015</u>	<u>Var. %</u>
<b><u>OPERATING ACTIVITIES</u></b>			
<b>Income before Income Tax</b>	<b>4,266</b>	<b>3,503</b>	<b>21.8</b>
<b><u>Items Related to Investment Activities:</u></b>			
Depreciation & Amortization	2,687	1,612	66.7
Loss on the Sale of Property and Equipment	(404)	(293)	37.9
Participation in Subsidiaries	(67)	(47)	41.3
Foreign Exchange	62	82	(25.3)
<b><u>Items Related to Financing Activities</u></b>			
Interest Expense	1,370	179	665.4
<b>Total</b>	<b>7,914</b>	<b>5,037</b>	<b>57.1</b>
Clients	749	859	(12.8)
Inventories	(6,932)	(859)	706.6
Suppliers	2,069	(3,765)	(154.9)
Payable and Receivable Accounts	501	(655)	(176.5)
Income Tax Paid	(1,456)	(1,072)	35.8
Other, Net	(33)	(15)	123.9
<b>Net Cash Flow from Operating Activities</b>	<b>2,811</b>	<b>(471)</b>	<b>(696.8)</b>
<b><u>INVESTING ACTIVITIES</u></b>			
Acquisition of Property and Equipment	(1,870)	(1,220)	53.3
Investment in Business Acquisition, Net of Assets Acquired	(35,418)	0	(*)
Investment in Shares	145	4	(*)
Sale of Property	855	433	97.5
<b>Net Cash Flow from Investing Activities</b>	<b>(36,288)</b>	<b>(782)</b>	<b>(*)</b>
<b>Cash Receivable from Financing Activities</b>	<b>(33,477)</b>	<b>(1,253)</b>	<b>(*)</b>
<b><u>FINANCING ACTIVITIES</u></b>			
Financing Obtained	46,906	18,250	157.0
Financing Repaid	(32,727)	(18,250)	79.3
Other Financing Activities	0	(453)	(100.0)
Interest Paid	(1,370)	(181)	657.5
<b>Net Cash Flow from Financing Activities</b>	<b>12,809</b>	<b>(634)</b>	<b>(*)</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(20,667)</b>	<b>(1,887)</b>	<b>995.2</b>
<b>Cash and Cash Equivalents at the Beginning of the Period</b>	<b>22,675</b>	<b>2,673</b>	<b>748.3</b>
<b>Cash and Cash Equivalents at the End of Period</b>	<b>2,008</b>	<b>786</b>	<b>155.5</b>

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