

## Soriana reports first quarter 2018 financial results

- Revenues of \$35.487 billion pesos equivalent to a growth of 0.7% vs 2017
- Same-Store Sales of 1.0%
- Increase of 10 basis points in the gross margin to 22.6%
- Debt reduction of 8.4% in the last 12 months.

**Monterrey, N.L., April 27<sup>th</sup>, 2018.** Organización Soriana, S.A.B. de C.V. (Soriana) announces the financial results corresponding to 1Q 2018. Figures in this report are shown in nominal terms in accordance with International Financial Reporting Standards (IFRS).

### 2018 First Quarter Operating Performance

For the first quarter of the year, revenues of the Company reached an amount of \$35.487 billion de pesos. Same store sale reached an increase of 1.0%.

Gross income amounted \$8.016 billion pesos that represent a 22.6% over sales, an expansion of 10 basis points, compared to the 22.5% achieved in the first quarter of 2017. This gross income increase was obtained mainly due to the consolidation of synergies achieved since 2016 and the negotiation of better commercial conditions.

On the other hand, the operating expense (without depreciation nor amortization) displayed a slight increase of 2.7%, which is less than the growth of inflation and was achieved thanks to the implementation of a comprehensive budget control program that has allowed face during this quarter, the high increases in the energy costs as well in the cost of the personnel. In this sense, operating expense as a percentage over sales reflects an increase of 40 basis points as a consequence of said factors and the deleverage caused by the result in the SSS. That is how this line during the first quarter of the year increased an amount of \$5.519 billion pesos equivalent to a 15.6% over sales.

As a consequence of the foregoing variations, EBITDA<sup>(1)</sup> of the quarter presented a deceleration with respect to the previous year, closing with a marginal reduction of 3.3%, to reach an amount of \$2.506 billion pesos. As a percentage over sales, EBITDA<sup>(1)</sup> closed in 7.1%.

<sup>(1)</sup> EBITDA is defined as the operational profit before depreciation and amortization

In regard to the financial items in our income statement, the net financial cost of the quarter displayed an increase of 16.1% reaching \$508 million pesos compared to the same period of 2017, the foregoing due to a lower exchange gain when it passed from a gain of \$73 million pesos in 2017 to \$10 million pesos by the end of the quarter, a reduction of 86.3%.

Finally, quarterly cash net income was of \$1.516 billion pesos, which represents a percentage over sales of 4.3% and implies a reduction vs. the 4.8% from same quarter last year.

### Debt Performance

As of March 31, 2018 the Company has a total debt of \$26.296 billion pesos, compared to an amount of \$28.694 billion pesos from same period the year before. This represents a reduction of 8.4% equivalent to \$2.398 billion pesos.

### Operating Information

Below is a comparative table that shows the number of units in operation per store format as year closing of the quarter.

Store Format	1Q2018	1Q2017	Sales Floor Area as of 2018
Soriana Híper	270	271	1,988,582
Soriana Súper	129	128	264,512
Soriana Mercado	144	144	630,573
Soriana Express	103	102	143,435
City Club	35	35	281,243
Mega	69	67	574,726
Comercial Mexicana	40	41	249,070
Bodega Comercial	31	31	163,607
Alprecio	3	3	3,840
<b>Total</b>	<b>824</b>	<b>822</b>	<b>4,299,589</b>

## Social Responsibility Actions

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

### a) Soriana Fundacion

- We keep assisting Mexican childhood in alliance with the association "Dibujando un Mañana", where 1,030 children and youths were supported to continue their musical education in several states of the country. Likewise, last month of March was closed the Teleton campaign, donating \$13.5 million pesos thanks to the generosity of our customers, employees and the company itself. In other hand, we continue promoting actions for the protection of the environment, where we collected during these 3 past months 15,854 kgs of paper, 520 kgs of aluminum and 6,183 kgs of plastic thanks to our Re-Si-Cla program established in 57 stores. This was converted into food, medicines, diapers and hygiene products for children and seniors living in Hogar de la Misericordia A.C.

### b) Environment

- This quarter our commercial partner Iberdrola began supplying power from its plant in Altamira to 49 additional stores thanks to the application of energy efficient cogeneration technology. In the same manner, continue the progress in the construction of the wind farm Vicente Guerrero in the state of Tamaulipas. This is Soriana's 4<sup>th</sup> park and has an installed capacity of 118 MW of power in 33 wind turbines and will deliver electricity to 311 stores of our chain.
- With respect to the actions conducted in our operations, we held 4 "Management Level Training" courses in topics such as Sustainability and Energy. We also delivered training courses for safety and maintenance supervisors focused on promoting a better and most efficient use of electric power. With this action, 19 more stores were added to the Power Saving Monitoring System and 11 more units to the Air Conditioning, Lighting and Refrigeration Monitoring and Management systems. During the month of March we held a campaign focused in the efficient use of energy called "Let's Save Together" (Vamos a ahorrar juntos) in the state of Jalisco. This same campaign will be replicated in several other regions this year.

### **c) Good Business Practices**

- We participated in Expo ANTAD & Alimentaria Mexico 2018 where our commercial team had the opportunity of holding business interviews with 875 national and international suppliers. Being this event, the most important business meetings in which Soriana participate. Additionally, we inaugurated 2 PYMES trade fairs in the states of Guanajuato and Guerrero, also participated in Feria PYME Veracruz 2018, with the purpose of offering new regional products to our customers.

### **d) Soriana Universidad**

- During this quarter, we delivered 1,297,550 training hours, which represent a total of 13.70 hours per collaborator; in other words, an average of 4.57 monthly hours per employee. In the same manner, 515 new students began their high school program, with the purpose of taking their degree test this April.

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

Millions of nominal pesos

	<b>First Quarter</b>				
	<b>1Q2018</b>	<b>%</b>	<b>1Q2017</b>	<b>%</b>	<b>Var. %</b>
Net Sales	35,487	100	35,248	100	0.7
Cost of Sales	27,471	77.4	27,304	77.5	0.6
<b>Gross Income</b>	<b>8,015</b>	<b>22.6</b>	<b>7,944</b>	<b>22.5</b>	<b>0.9</b>
Operating Expenses	5,519	15.6	5,372	15.2	2.7
<b>Income before other expenses, net</b>	<b>2,496</b>	<b>7.0</b>	<b>2,573</b>	<b>7.3</b>	<b>(3.0)</b>
Other Income and (Expenses), Net	9	0.0	18	0.1	(51.8)
<b>EBITDA</b>	<b>2,505</b>	<b>7.1</b>	<b>2,591</b>	<b>7.4</b>	<b>(3.3)</b>
Depreciation and Amortization	754	2.1	837	2.4	(9.9)
<b>Operating Income</b>	<b>1,751</b>	<b>4.9</b>	<b>1,754</b>	<b>5.0</b>	<b>(0.2)</b>
Interest Income and (Expenses), Net	(517)	(1.5)	(509)	(1.4)	1.5
Foreign Exchange Gain (Losses)	10	0.0	73	0.2	(86.3)
<b>Comprehensive Financing Income</b>	<b>(507)</b>	<b>(1.4)</b>	<b>(437)</b>	<b>(1.2)</b>	<b>16.1</b>
Minority Interest	(49)	(0.1)	8	0.0	(725.3)
<b>Earnings Before Income Tax &amp; Profit Sharing</b>	<b>1,195</b>	<b>3.4</b>	<b>1,325</b>	<b>3.8</b>	<b>(9.8)</b>
Tax Provision	371	1.0	456	1.3	(18.6)
<b>Net Earnings</b>	<b>824</b>	<b>2.3</b>	<b>868</b>	<b>2.5</b>	<b>(5.1)</b>
<b>Controlling interest</b>	<b>817</b>	<b>2.3</b>	<b>858</b>	<b>2.4</b>	<b>(4.8)</b>
Non-controlling interest	7	0.0	10	0.0	(35.6)
<b>Cash Net Profit</b>	<b>1,516</b>	<b>4.3</b>	<b>1,592</b>	<b>4.5</b>	<b>(4.8)</b>

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

Millions of nominal pesos

	<b>2018</b>	<b>%</b>	<b>2017</b>	<b>%</b>	<b>Var. %</b>
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and Cash Equivalents	3,620	2.8	1,254	1.0	188.6
Trade	1,383	1.1	1,413	1.1	(2.1)
Other Accounts Receivable	4,945	3.8	4,306	3.4	14.8
Inventories	26,014	20.1	25,896	20.4	0.5
Other Current Assets	394	0.3	530	0.4	(25.6)
Assets classified as held for sale	1,551	1.2	1,509	1.2	2.8
<b>Total Current Asset</b>	<b>37,907</b>	<b>29.4</b>	<b>34,908</b>	<b>27.5</b>	<b>8.6</b>
<b>Property and Equipment, Net</b>	<b>69,911</b>	<b>54.1</b>	<b>70,151</b>	<b>55.3</b>	<b>(0.3)</b>
<b>Intangible Assets</b>	<b>18,949</b>	<b>14.7</b>	<b>19,591</b>	<b>15.4</b>	<b>(3.3)</b>
<b>Other Assets</b>	<b>2,360</b>	<b>1.8</b>	<b>2,313</b>	<b>1.8</b>	<b>2.0</b>
<b>Total Assets</b>	<b>129,126</b>	<b>100</b>	<b>126,963</b>	<b>100</b>	<b>1.7</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Suppliers	24,428	18.9	23,084	18.2	5.8
Debt Certificates	7,283	5.6	6,430	5.1	13.3
Other Accounts Payable	1,406	1.1	1,820	1.4	(22.7)
Other Liabilities without cost	2,601	2.0	2,534	2.0	2.7
<b>Total Current Liabilities</b>	<b>35,718</b>	<b>27.7</b>	<b>33,869</b>	<b>26.7</b>	<b>5.5</b>
Deferred Taxes	11,957	9.3	12,798	10.1	(6.6)
Long Term Debt	19,013	14.7	22,264	17.5	(14.6)
Other Liabilities	2,772	2.1	2,974	2.3	(6.8)
<b>Total Long Term Liabilities</b>	<b>33,743</b>	<b>26.1</b>	<b>38,037</b>	<b>30.0</b>	<b>(11.3)</b>
<b>Total Liabilities</b>	<b>69,461</b>	<b>53.8</b>	<b>71,906</b>	<b>56.6</b>	<b>(3.4)</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	0.9	(0.0)
Premium on Sales of Shares	977	0.8	977	0.8	0.0
Repurchase Fund of Shares	550	0.4	550	0.4	0.0
Accumulated Earnings	56,885	44.1	52,277	41.2	8.8
<b>Total Stockholders' Equity</b>	<b>59,665</b>	<b>46.2</b>	<b>55,057</b>	<b>43.4</b>	<b>8.4</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>129,126</b>	<b>100</b>	<b>126,963</b>	<b>100</b>	<b>1.7</b>

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

	<u>2018</u>	<u>2017</u>	<u>Var. %</u>
<b><u>OPERATING ACTIVITIES</u></b>			
Income before Income Tax	1,195	1,325	(9.8)
<b><u>Items related to investment activities:</u></b>			
Depreciation & Amortization	754	837	(9.9)
Sales of property and equipment	(0)	(3)	(91.9)
Participation in Subsidiaries	49	(8)	(725.3)
Foreign Exchange	(30)	(105)	(71.5)
<b><u>Items related to financing activities</u></b>			
Interest Expense	562	567	(0.8)
<b>Total</b>	<b><u>2,530</u></b>	<b><u>2,612</u></b>	<b><u>(3.1)</u></b>
Clients	497	400	24.4
Inventories	498	(48)	(1,129.1)
Suppliers	(3,418)	(4,874)	(29.9)
Payable and receivable accounts	(1,612)	(1,045)	54.3
Income Tax Paid	(874)	(406)	115.1
<b>Net cash flow from operating activities</b>	<b><u>(2,379)</u></b>	<b><u>(3,362)</u></b>	<b><u>(29.2)</u></b>
<b><u>INVESTING ACTIVITIES</u></b>			
Acquisitions of property and equipment	(482)	(313)	54.1
Other Investments	22	40	(45.5)
<b>Net Cash flow from investing activities</b>	<b><u>(460)</u></b>	<b><u>(273)</u></b>	<b><u>68.9</u></b>
<b>Cash receivable from financing activities</b>	<b><u>(2,840)</u></b>	<b><u>(3,634)</u></b>	<b><u>(21.9)</u></b>
<b><u>FINANCING ACTIVITIES</u></b>			
Financing Obtained	35,750	20,350	75.7
Financing Repaid	(32,395)	(17,613)	83.9
Interest Paid	(562)	(567)	(0.8)
<b>Net cash flow from financing activities</b>	<b><u>2,793</u></b>	<b><u>2,170</u></b>	<b><u>28.7</u></b>
<b>Net decrease in cash and cash equivalents</b>	<b>(47)</b>	<b>(1,464)</b>	<b>(96.8)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b><u>3,666</u></b>	<b><u>2,718</u></b>	<b><u>34.9</u></b>
<b>Cash and cash equivalents at end period</b>	<b><u>3,620</u></b>	<b><u>1,254</u></b>	<b><u>188.6</u></b>