



GRUPO COMERCIAL CHEDRAUI, S.A.B. DE C.V.
RELEVANT RESULTS AND FACTS FOR THE FOURTH QUARTER OF 2017

- Consolidated total sales growth of 5%
- Same store sales growth in Mexico of 4%
- Consolidated EBITDA growth of 3.8%
- The opening of fourteen stores in the quarter
- Net Bank Debt to EBITDA of 0.59
- Invested CAPEX in 2017 of \$3,178 million pesos

Mexico City, February 27, 2018, Grupo Comercial Chedraui, S.A.B. de C.V. announces its results corresponding to the fourth quarter of 2017. All amounts are presented in nominal terms and reported in accordance with International Financial Reporting Standards (IFRS).

CONSOLIDATED RESULTS FOR THE FOURTH QUARTER OF 2017

The following chart shows the comparative summary income statement for the three months from October to December of 2017 versus the same quarter in 2016:

(Figures in millions of nominal Pesos)

Quarterly Results	4Q16	% of Sales	4Q17	% of Sales	% Growth
Net Sales	24,873	100.0%	26,113	100.0%	5.0%
Gross Profit	4,960	19.9%	5,309	20.3%	7.0%
Operating Income	1,141	4.6%	1,183	4.5%	3.7%
EBITDA	1,537	6.2%	1,597	6.1%	3.8%
Net Income	501	2.0%	543	2.1%	8.3%

EBITDA is defined as Operating Profit before Depreciation and Amortization

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Sales

Sales in the fourth quarter of \$26,113 million pesos were 5.0% higher than the same quarter last year. This 5.0% growth is a result of opening twenty-nine stores during the last twelve months in Mexico, one store in the United States as well as same store sales increases of 4% in Mexico and 3.4% in the United States in dollar terms. These store openings resulted in sales floor space growth of 3.3%.

Total FY 2017 sales of \$94,583 million pesos were 6.8% higher than FY 2016.

Gross Profit

Gross profit increased 7.0% reaching \$5,309 million pesos with a gross margin of 20.3%. This result is 40 basis points higher versus the same quarter last year. The growth in gross margin is primarily due to two reasons:

- An improvement in U.S. gross margin due to favorable sales mix.
- A reclassification in Mexico of certain production costs to operating expenses in the previous year. Without this reclassification, gross margin in Mexico would have been the same as last year.

Total FY 2017 gross profit of \$19,666 million pesos increased 8.0% versus the prior year. Gross margin as a percent of sales was 20.8% which is 20 points higher than FY 2016.

Operating Expenses

During the fourth quarter of 2017, operating expenses (without depreciation and amortization) represented 14.2% of sales which is 46 basis points higher than the previous year. The increase was caused by:

- The reclassification of certain costs to operating expenses from cost of goods sold, as explained in the Gross Profit section.
- Higher operating expenses normally associated with the recently opened twenty nine stores in Mexico and one in the U.S. over the last twelve months which have yet to reach sales maturity.

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Total FY 2017 Operating Expenses (without depreciation and amortization) represented 14.4% of sales and ended 32 points higher than FY 2016.

Depreciation and Amortization

Depreciation and Amortization grew 4.3% versus last year and was caused by increased investment in fixed assets over the last twelve months. This increased investment included the opening of thirteen stores in Mexico and one in the U.S. [in the quarter](#), as well as technology investments and significant store maintenance capital expenditures.

For total FY 2017, Depreciation and Amortization grew 8.6% compared to FY 2016.

EBITDA

The fourth quarter's consolidated EBITDA of \$1,597 million pesos grew 3.8% compared to last year. EBITDA as a percent of sales was 6.1% which is similar to last year.

For FY 2017, EBITDA grew 5.1% versus FY 2016 for a total of \$6,039 million pesos. EBITDA as a percent of sales was 6.4%.

Financing Costs

Despite interest rate increases, Financing costs of \$355 million pesos remained practically unchanged from last year.

Total FY 2017 Financing Costs were 0.1% below Y 2016.

Net Income

Fourth quarter consolidated Net Income increased 8.3% versus prior year to \$543 million pesos and represented 2.1% of sales.

FY 2017 Net Income grew 5.4% versus prior year to \$2,117 million pesos and represented 2.2% of sales.

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Financing

As of December 2017, the company had net bank debt of \$3,544 million pesos which was comprised of \$589 million pesos in short term debt, \$4,476 million pesos in long-term debt and \$1,522 million pesos in cash and temporary investments.

Accumulated invested CAPEX from January to December 2017 totaled \$3,178 million pesos.

Despite significant investments made during FY 2017, our ratio of Net Bank Debt to EBITDA in the last twelve months decreased to 0.59 from 0.75 at the end of FY 2016.

The following charts show the Group's financial and operational information for each business segment:

Financial Information

Net Sales By Segment	4Q16	% of Total	4Q17	% of Total	Growth %
Mexico Retail	17,764	71.4%	19,017	72.8%	7.0%
USA Retail	6,911	27.8%	6,878	26.3%	-0.5%
Real Estate	198	0.8%	218	0.8%	10.5%
Consolidated sales	24,873	100.0%	26,113	100.0%	5.0%

EBITDA By Segment	4Q16	% of Total	4Q17	% of Total	Growth %
Mexico Retail	1,084	70.5%	1,166	73.0%	7.5%
USA Retail	280	18.2%	263	16.5%	-6.1%
Real Estate	173	11.3%	168	10.5%	-3.0%
Consolidated EBITDA	1,537	100.0%	1,597	100.0%	3.8%

Infrastructure data per segment

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Installed Capacity By Segment	Stores			Openings LTM
	Openings 4Q16	Openings 4Q17	Cumulative 4Q17	
Stores in Mexico	6	13	262	29
Stores in USA	0	1	59	1
Total	6	14	321	30

Installed Capacity By Segment	Sqm Sales Area			Growth %
	4Q16	4Q17	Cumulative 4Q17	
Stores in Mexico	17,230	28,315	1,352,569	3.5%
Stores in USA	0	2,565	152,857	1.7%
Total	17,230	30,880	1,505,426	3.3%

Retail in Mexico

Sales in the fourth quarter of 2017 grew 7% reaching \$19,017 million pesos which is \$1,253 million pesos higher than the prior comparative period. This growth is a result of a same store sales increase of 4% as well as the opening of the twenty nine stores in the last twelve months. These new stores increased total sales floor capacity by 3.5%.

Total FY 2017 sales grew 7.9% reaching \$67,027 million pesos compared to the \$62,099 million pesos obtained in 2016.

Fourth quarter EBITDA in Mexico of \$1,116 million pesos represented an increase of 7.5% to the prior year. EBITDA as a percent of sales was 6.1% and slightly higher than the one in the same quarter last year.

Total FY 2017 EBITDA of \$4,379 million pesos was 8.0% higher than FY 2016 and represented 6.5% of sales.

Retail in the U.S.A.

In the fourth quarter of 2017, total sales decreased 0.5% to \$6,878 million pesos due to the peso-dollar exchange rate. In dollar terms, fourth quarter sales increased 3.96% while same store sales increased 3.41%.

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Total FY 2017 sales in the U.S. increased 4.1% to \$26,707 million pesos versus FY 2016. In dollar terms, FY 2017 sales increased 3.2% while same store sales increased 1.1%.

EBITDA in the U.S. generated \$263 million pesos which is 6.1% lower versus the same period last year. This loss was driven by the peso-dollar exchange rate and the recognition of increased insurance liabilities.

Total FY 2017 EBITDA of \$1,034 million pesos was 5.5% lower than the one obtained in FY 2016 and represented 3.9% of sales.

The exchange rate used in the fourth quarter for the conversion of the financial statements was \$19.14 which is 4.3% lower compared to the \$20.00 used in the prior year.

Real Estate

Real Estate sales grew 10.5% in the fourth quarter of 2017 to \$218 million pesos. This was due primarily due to increased rents for certain lease contracts that are tied to inflation.

FY 2017 Real Estate sales grew 8.9% to \$849 million pesos in 2017 compared to the \$779 million pesos obtained in FY 2016.

EBITDA in this segment decreased 3.0% to the prior comparative quarter to \$168 million pesos in 2017. EBITDA as a percent of sales was 77.0% which is less than the 87.8% obtained in the same period in 2016. The decrease was caused by a one-time benefit obtained last year from a \$37 million pesos favorable lawsuit result. Without this effect, EBITDA would have grown 22.9%.

Total FY 2017 EBITDA, at 73.8% of sales, grew 4.3% versus FY 2016 to \$626 million pesos.

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Expansion

During the fourth quarter of 2017, fourteen new stores were opened:

- 1 Tienda Chedraui in Cancún, Quintana Roo
- 5 Supercitos in México City
- 1 Tienda Chedraui in México City
- 2 Súper Che in México State
- 1 Súper Chedraui in Pinotepa Nacional, Oaxaca
- 1 Súper Chedraui in Veracruz, Veracruz
- 1 Tienda Chedraui in San José del Cabo, Baja California Sur
- 1 Súper Chedraui in Ocozocoautla de Espinosa, Chiapas
- 1 Tienda El Super in Phoenix, Arizona

With these openings we closed the fourth quarter of 2017 with a total of 321 operating stores chain wide.

Company Description

Grupo Comercial Chedraui, S.A.B. de C.V. trades in the Mexican Stock Exchange under the ticker "CHDRAUI". As of December 31, 2017, the company had the following units in operation:

Mexico	179	Chedraui Stores	(15 Selecto)
	57	Super Chedraui Stores	(4 Selecto)
	12	Super Che Stores	
	14	Supercito Stores	
United States	<u>59</u>	El Super Stores	
Total	321		

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Annexes

GRUPO COMERCIAL CHEDRAUI, S.A.B. DE C.V.

INCOME STATEMENT

(Figures in thousands of Mexican pesos)

Income Statement for 4Q17						
	4Q16	%	4Q17	%	Var. 17/16 %	Bps
Sales	24,872,760	100.0%	26,112,741	100.0%	5.0	0.0
Cost of Sales	19,912,354	80.1%	20,803,588	79.7%	4.5	-0.4
Gross Profit	4,960,406	19.9%	5,309,153	20.3%	7.0	0.4
Operating expenses	3,422,954	13.8%	3,712,595	14.2%	8.5	0.5
Depreciation and Amortization	396,544	1.6%	413,496	1.6%	4.3	0.0
Operating Income	1,140,908	4.6%	1,183,063	4.5%	3.7	-0.1
Ebitda	1,537,452	6.2%	1,596,559	6.1%	3.8	-0.1
Financial cost	353,666	1.4%	355,059	1.4%	0.4	-0.1
Income Before Taxes	787,242	3.2%	828,004	3.2%	5.2	0.0
Income Taxes	286,036	1.1%	285,332	1.1%	-0.2	-0.1
Consolidated Net Income	501,206	2.0%	542,672	2.1%	8.3	0.1

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GRUPO COMERCIAL CHEDRAUI, S.A.B. DE C.V.

INCOME STATEMENT

(Figures in thousands of mexican pesos)

Income Statement for 4Q17						
	4Q16	%	4Q17	%	Var. 17/16 %	Bps
Sales	88,528,580	100.0%	94,582,515	100.0%	6.8	0.0
Cost of Sales	70,312,733	79.4%	74,916,439	79.2%	6.5	-0.2
Gross Profit	18,215,846	20.6%	19,666,076	20.8%	8.0	0.2
Operating expenses	12,468,863	14.1%	13,626,983	14.4%	9.3	0.3
Depreciation and Amortization	1,492,601	1.7%	1,620,817	1.7%	8.6	0.0
Operating Income	4,254,381	4.8%	4,418,276	4.7%	3.9	-0.1
Ebitda	5,746,983	6.5%	6,039,093	6.4%	5.1	-0.1
Financial cost	1,181,592	1.3%	1,180,731	1.2%	-0.1	-0.1
Income Before Taxes	3,072,790	3.5%	3,237,545	3.4%	5.4	0.0
Income Taxes	1,063,123	1.2%	1,120,191	1.2%	5.4	0.0
Consolidated Net Income	2,009,667	2.3%	2,117,355	2.2%	5.4	0.0

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GRUPO COMERCIAL CHEDRAUI, S. A. B. DE C. V. Y SUBSIDIARIAS
CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2017, 2016
 (Figures in thousands of Mexican pesos)

	December 2016	%	December 2017	%	Differences \$	%
Assets						
Current assets						
Cash and cash equivalents	942,885		1,521,746		578,861	61.4
Trade and other current receivables	974,058		1,028,705		54,647	5.6
Current tax assets, current	1,709,977		1,438,919	-	271,058	15.9
Other current financial assets	404,886		482,177		77,291	19.1
Current inventories	8,935,415		9,653,730		718,315	8.0
Other current non-financial assets	-		-		-	-
Total current assets	12,967,221	24.3%	14,125,277	25.7%	1,158,056	8.9
Non-current assets						
Trade and other non-current receivables	37,035		37,035		-	-
Non-current inventories	6,121		-	-	6,121	100.0
Investments in subsidiaries, joint ventures and associates	16,766		9,917	-	6,849	40.9
Property, plant and equipment	29,897,730		30,828,828		931,098	3.1
Investment property	6,420,224		6,855,626		435,402	6.8
Goodwill	1,250,329		1,203,533	-	46,796	3.7
Intangible assets other than goodwill	500,113		522,462		22,349	4.5
Deferred tax assets	1,597,792		882,238	-	715,554	44.8
Other non-current non-financial assets	585,630		540,788	-	44,842	7.7
Total non-current assets	40,311,740	75.7%	40,880,427	74.3%	568,687	1.4
Total assets	53,278,961	100.0%	55,005,704	100.0%	1,726,743	3.2
Equity and liabilities						
Liabilities						
Current liabilities						
Trade and other current payables	16,003,126		16,720,417		717,291	4.5
Current tax liabilities, current	616,617		609,128	-	7,489	1.2
Other current financial liabilities	1,403,543		687,633	-	715,910	51.0
Current provisions						
Current provisions for employee benefits	193,449		223,031		29,582	15.3
Other current provisions	202,262		272,602		70,340	34.8
Total current provisions	395,711		495,633		99,922	25.3
Total current liabilities	18,418,997	34.6%	18,512,811	33.7%	93,814	0.5
Non-current liabilities						
Trade and other non-current payables	741,657		633,909	-	107,748	14.5
Current tax liabilities, non-current	493,930		-	-	493,930	100.0
Other non-current financial liabilities	4,508,720		5,087,762		579,042	12.8
Non-current provisions						
Non-current provisions for employee benefits	453,663		538,043		84,380	18.6
Total non-current provisions	453,663		538,043		84,380	18.6
Deferred tax liabilities	1,723,771		1,801,007		77,236	4.5
Total non-current liabilities	7,921,741	14.9%	8,060,721	14.7%	138,980	1.8
Total liabilities	26,340,738	49.4%	26,573,532	48.3%	232,794	0.9
Equity						
Issued capital	252,120		252,120		-	-
Share premium	3,750,998		3,612,421	-	138,577	3.7
Treasury shares	62,901		80,362		17,461	27.8
Retained earnings	22,002,477		23,748,462		1,745,985	7.9
Other reserves	667,669		616,903	-	50,766	7.6
Total equity attributable to owners of parent	26,610,363	49.9%	28,149,544	51.2%	1,539,181	5.8
Non-controlling interests	327,860	0.6%	282,628	0.5%	45,232	13.8
Total equity	26,938,223	50.6%	28,432,172	51.7%	1,493,949	5.5
Total equity and liabilities	53,278,961	100.0%	55,005,704	100.0%	1,726,743	3.2

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GRUPO COMERCIAL CHEDRAUI, S. A. B. DE C. V. Y SUBSIDIARIAS
CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIODS ENDED DECEMBER 31, 2017 AND 2016
FIGURES IN THOUSANDS OF PESOS

	December 2016	December 2017
Cash flows from (used in) operating activities		
Profit (loss)	2,009,667	2,117,354
Adjustments to reconcile profit (loss)		
Adjustments for income tax expense	1,063,122	1,120,190
Adjustments for finance costs	579,414	599,786
Adjustments for depreciation and amortisation expense	1,527,550	1,636,625
Adjustments for fair value losses (gains)	52,882 -	29,725
Adjustments for losses (gains) on disposal of non-current assets	24,434	22,667
Adjustments for decrease (increase) in inventories	- 1,290,430 -	- 764,278
Adjustments for decrease (increase) in trade accounts receivable	- 135,430 -	- 68,248
Adjustments for decrease (increase) in other operating receivables	- 126,801	236,075
Adjustments for increase (decrease) in trade accounts payable	844,794	652,543
Adjustments for increase (decrease) in other operating payables	- 1,096,265 -	451,182
Other adjustments for non-cash items	- 4,233	31,624
Total adjustments to reconcile profit (loss)	1,439,037	2,986,077
Cash flows from (used in) operations	3,448,704	5,103,431
Dividends paid, classified as operating activities	- 246,088 -	- 318,093
Dividends received, classified as operating activities	2,008	6,851
Cash flows from (used in) operating activities	3,204,624	4,792,189
Cash flows from (used in) investing activities		
Proceeds from sales of property, plant and equipment, classified as investing activities	1,679	5,263
Purchase of property, plant and equipment, classified as investing activities	- 3,280,565 -	- 2,994,798
Purchase of intangible assets, classified as investing activities	- 146,955 -	- 183,292
Interest received, classified as investing activities	67,848	72,499
Cash flows from (used in) investing activities	- 3,357,993 -	- 3,100,328
Cash flows from (used in) financing activities		
Payments to acquire or redeem entity's shares	- 62,901 -	- 17,460
Payments of other equity instruments	- 250,184 -	- 237,084
Proceeds from borrowings, classified as financing activities	1,941,389	1,563,014
Repayments of borrowings, classified as financing activities	- 1,721,655 -	- 1,684,649
Payments of finance lease liabilities, classified as financing activities	- 70,524	32,371
Interest paid, classified as financing activities	- 647,262 -	- 672,285
Other inflows (outflows) of cash, classified as financing activities	- 97,502 -	- 107,748
Cash flows from (used in) financing activities	- 908,639 -	- 1,123,841
Increase (decrease) in cash and cash equivalents before effect of exchange rate changes	- 1,062,008	568,020
Effect of exchange rate changes on cash and cash equivalents		
Effect of exchange rate changes on cash and cash equivalents	- 43,045	10,841
Increase (decrease) in cash and cash equivalents	- 1,105,053	578,861
Cash and cash equivalents at beginning of period	2,047,938	942,885
Cash and cash equivalents at end of period	942,885	1,521,746

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