



**EARNINGS
RELEASE**

4Q17



Earnings Release 4Q17



Monterrey, Mexico May 4th, 2018. – Grupo Famsa, S.A.B. de C.V. (BMV: GFAMSA), a leading Mexican commercial conglomerate in the retail, consumer and savings sector, announced today its earnings results for the fourth quarter and full-year 2017. The audited financial statements presented in this report have been prepared in accordance with IFRS and the interpretations in effect as of December 31st, 2017. Figures are expressed in millions of current, nominal Mexican pesos, unless otherwise stated.

Consolidated Results

Quarterly Information	4Q17	4Q16	Δ%
Net Sales	5,051	5,268	(4.1%)
Cost of Sales	(2,810)	(3,297)	14.8%
Gross Profit	2,241	1,970	13.7%
Operating Expenses	(1,672)	(1,994)	16.2%
Other Income (Expenses), net	(0)	110	(100.3%)
Operating Profit	569	86	558.3%
EBITDA	667	184	262.8%
Net Loss	(414)	(99)	(317.8%)
Gross Margin	44.4%	37.4%	-
EBITDA Margin	13.2%	3.5%	-
Net Margin	(8.2%)	(1.9%)	-
Annual Information	2017	2016	Δ%
Net Sales	17,554	17,544	0.1%
Cost of Sales	(9,650)	(9,724)	0.8%
Gross Profit	7,904	7,819	1.1%
Operating Expenses	(6,788)	(7,051)	3.7%
Other Income (Expenses), net	294	226	30.4%
Operating Profit	1,411	994	41.9%
EBITDA	1,824	1,411	29.2%
Net Loss	307	346	(11.2%)
Gross Margin	45.0%	44.6%	-
EBITDA Margin	10.4%	8.0%	-
Net Margin	1.8%	2.0%	-



MESSAGE FROM THE CEO

Grupo Famsa closed the year 2017 with a stronger financial position, achieving a 9.7% lower balance of its consolidated debt vs. year-end 2016, totaling Ps.9,026 million. This improvement is directly connected with the year 2017's Ps.1,127 million monetization of assets, as most of the obtained resources were used for the settlement of short-term liabilities. Additionally, in July 2017, a credit facility with semiannual principal payments and a 10-yr. term was contracted with Bancomext. The proceeds from this facility were destined to the early redemption of US\$110 million of our senior notes due 2020. Overall, these actions enhanced both the Company's leverage and its debt maturity schedule, as well as supported a lower exposure to exchange rate fluctuations, as the portion of foreign debt (USD) dropped from 55.6% in December 2016 to 34.5% at year-end.

Moving into the 4Q17 results, Grupo Famsa registered a favorable performance in Consolidated Net Sales, however, as a result of the adoption of the International Financial Reporting Standard 15 "Revenue from Contracts with Customers" ("IFRS 15"), a downward adjustment was made in this item, growing by 0.1% YoY. Operations in Mexico were the main catalysts behind its consolidated results, when excluding the early-adopted accounting treatment in 2017. The origination of payroll loans for both acquisition of goods and cash withdrawals, seeking to consolidate a high-quality mix and strengthen the credit origination criteria, was particularly significant during the period. On the commercial front, Appliances (+8.0% YoY growth) stood out among the core categories, following the stable demand observed throughout 2017. In contrast, Net Sales in USA decreased by 10.9% AsA in MXP but posting a higher dynamism than previous quarters.

Similarly, Consolidated EBITDA amounted to Ps.667 million in 4Q17, contributing to reach Ps.1,824 million of annual Consolidated EBITDA, rising 29.2% YoY. Famsa Mexico was the business unit with the greater contribution to the generation of operating efficiencies. Nevertheless, throughout 2017, Famsa USA was able to adjust its operational structure significantly, pursuing the stabilization of its margins to its current level of sales.

Regarding our banking operations, Banco Famsa continued performing with stable indicators. Bank Deposits increased in a double-digit growth rate during 2017 (+19% YoY), due to our commercial offer in wealth management products. In addition, the NPL ratio of the Consolidated Portfolio stood at 8.4%, thus continuing within its record-low range. In early February 2018 the bank acquired 31 thousand accounts, with a deposits balance of Ps.183 million, from Bankaool, thus increasing our customer base to higher levels and generating the opportunity to achieve cross sales of our diverse portfolio of financial products.

To conclude, Grupo Famsa steps into 2018 with a stronger financial structure and continues to move forward with determination to maximize the sales dynamism in Mexico, supported by the strategic and operational initiatives implemented during 2017. These actions have been reflected to a greater extent in the sales floor during 2017 and first quarter 2018. Additionally, the Company remains optimistic about consolidating a progressive recovery of its operations in the United States during 2018 due to the refocus of its target market and the efficiencies achieved in its cost structure in 2017. Therefore, we establish the following growth targets for our 2018 Guidance: i) Consolidated Net Sales: between 9.5% and 10.4%; and, ii) Consolidated EBITDA: between 13.6% and 19.8%.

Humberto Garza Valdez,
Chief Executive Officer



Business Segments

Famsa Mexico

During 4Q17, Net Sales decreased by 3.2%, totaling Ps.4,516 million, reflecting the effect of IFRS 15's adoption on revenue recognition. Similarly, Same-Store Sales (SSS) for the same period had a decrease of 2.5% YoY.

For the full-year 2017, Net Sales grew 3.0% when compared to 2016, while Same-Store Sales grew by 3.7%.

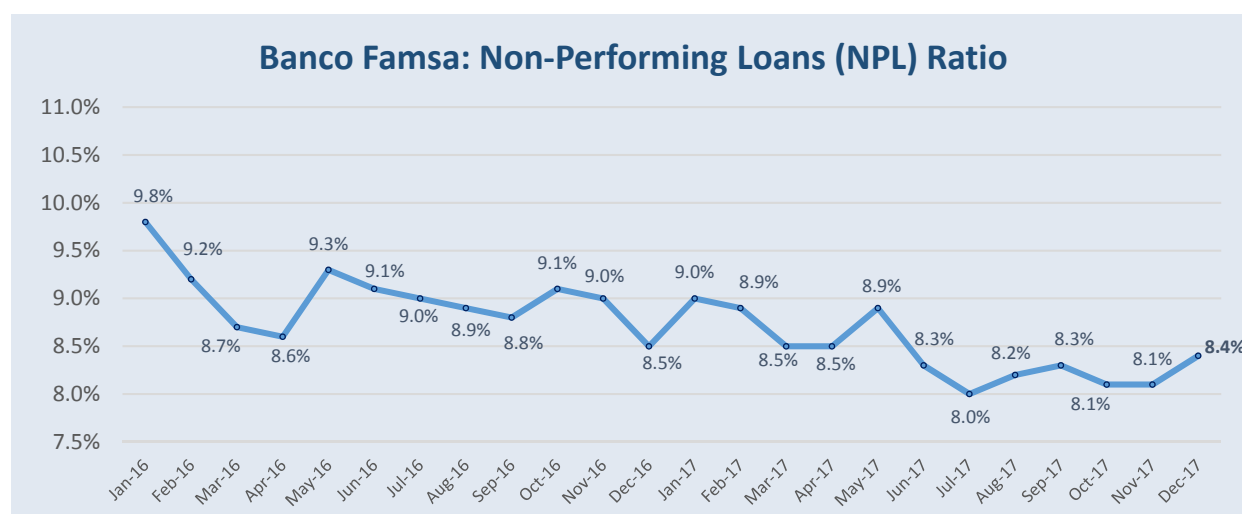
During the year, Famsa Mexico's operations continued to focus primarily on bolstering the origination of payroll discount loans both for the purchase of goods and cash withdrawals. The objective has been to consolidate a high-quality mix and strengthen the credit origination criteria, thus allowing us to continue advancing in the enhancement of our client's profile through the application of tailor made criteria for every location, instead of a centralized strategy, at the same time pursuing the minimization of credit risk. Also, the increase in Sales was fueled by the advertising campaigns and special offers continually implemented for durable goods throughout the year.

Likewise, Grupo Famsa moved forward with the strengthening of the structure and operation of its canvass channel.

Banco Famsa

During the fourth quarter of 2017, commercial campaigns aimed at promoting the opening of new accounts were strategically carried out, with success in both passive (deposits) and active (origination) clients, mainly those belonging to the formal sector of the economy.

Regarding the NPL ratio of the Consolidated Portfolio, it remained stable during the period, once again at historical minimum levels, 8.4%. This result is derived from the quality of assets in the portfolio of loans, as well as from our high origination standards, amid a constantly improving credit base, which as of December 31st, 2017 held a 64.0% participation of clients from the formal sector of the economy, 3 pp. higher than the 61.0% recorded in the same period of 2016.



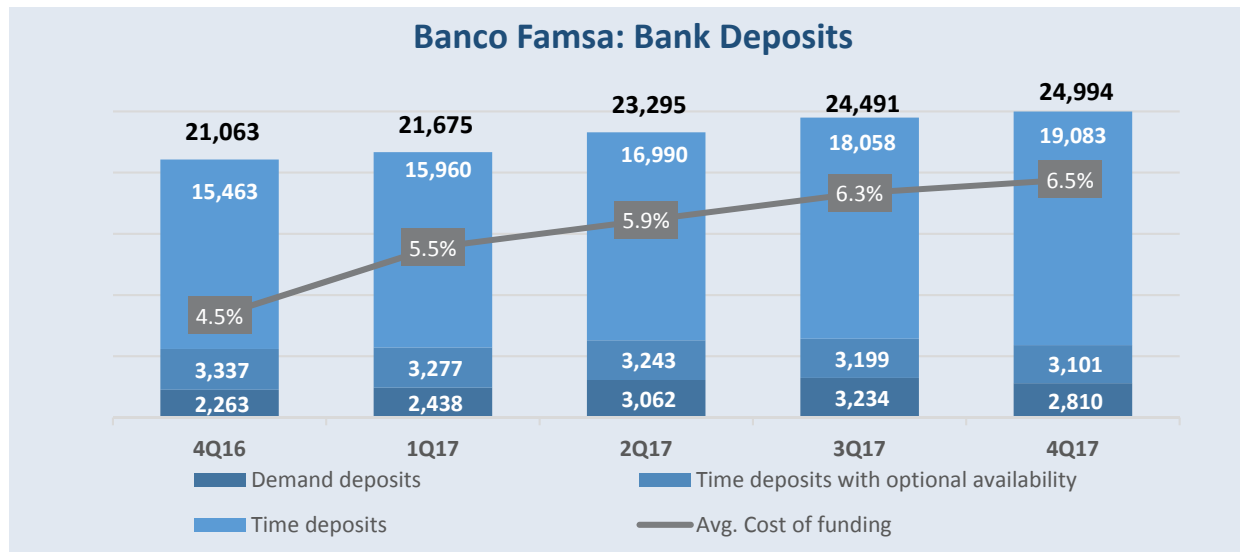
Source: Banco Famsa

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As for the Bank Deposits, we recorded an 18.7% increase in 4Q17 vs. 4Q16, amounting to Ps.24,994 million (distributed over 1.2 million accounts). At year-end, 73.5% of Grupo Famsa's funding sources were generated from Bank Deposits, vs. 67.8% in 2016.

On the other hand, Interest on Bank Deposits in 4Q17 totaled Ps.400 million, a rise of 68.5% YoY, derived mainly from the growth in the balance of Bank Deposits and the rise in the interest reference rate in Mexico. The average funding rate was 6.5% at year-end, 200 bps. above than that in the same period of 2016.



Source: Banco Famsa

Famsa USA

During 4Q17, Net Sales in USD reported a decrease of 6.5% vs. 4Q16, whereas in MXP setback by 10.7%, but in a lesser extent than 3Q17.

For the full-year 2017, Net Sales in USD and MXP posted a decrease of 19.7% and 19.2%, respectively, reflecting mainly the uncertainty of the Hispanic population before the migratory pressures of the USA federal administration, and to a lesser extent the appreciation of the MXP.

Regarding our initiatives aimed at strengthening the operation of Famsa USA, we recorded the following advancements: i) an increasing participation in digital media, which at the end of 4Q17 amounted to 40.0% of the total media appearances (vs. 33.0% of 3Q17), thus accomplishing the estimate of this indicator for 3Q17; ii) a larger number of advertising campaigns directed to English speaking customers, which accounted for 70.0% of the total campaigns launched in 4Q17 (vs. 40.0% in 3Q17); iii) a higher participation of Furniture in sales, as the exclusive line of imported furniture from Mexico was expanded by 30%; and, iv) the generation of efficiencies on operating expenses through the optimization of the branch network and adjustment of the operating structure.

In top of that, we executed the launching of a new editorial marketing campaign, the commercial start-up of computing kiosks inside our stores, and a new setup of the commercial floor in some specific units in order to meet the preference of our target market comprised by second and third generation Hispanics.



Business Units

Grupo Famsa's business units' results maintain the following breakdown of network of stores and banking branches.

Retail Stores & Banking	Business Units						Floor Space (m ²)		
	4Q17	Openings	Closures	3Q17	4Q16	Δ% YoY	4Q17	4Q16	Δ% YoY
Total	849	3	11	857	886	(4.2%)	549,341	566,807	(3.1%)
Stores	425	1	0	424	434	(2.1%)	508,897	522,878	(2.7%)
<i>Famsa Mexico</i>	377	1	0	376	380	(0.8%)	447,544	452,294	(1.1%)
<i>Famsa USA</i>	22	0	0	22	26	(15.4%)	57,810	66,434	(13.0%)
<i>PL USA Branches</i>	26	0	0	26	28	(7.1%)	3,542	4,150	(14.6%)
Banking Branches ¹	391	2	0	389	399	(2.0%)	38,385	40,285	(4.4%)
Pawnshop Brches ²	33	0	11	44	53	(37.7%)	2,060	3,645	(43.5%)

(1) Most banking branches are located within Famsa Mexico stores.

(2) Acquisition of branches from Monte de Mexico, S.A. de C.V.

Moving forward with the optimization of the Company's commercial network, during 4Q17, 11 pawnshop branches were closed as established in our 2017 schedule of closures. CAPEX remained solely for the maintenance of our current store network.



Early adoption of latest International Financial Reporting Standards (“IFRS”):

Grupo Famsa adopted in advance, for the full-year 2017, the IFRS 9 “Financial Instruments”, as well as the IFRS 15 “Revenue from Contracts with Customers”. The effects of these standards’ adoptions are presented and disclosed in the audited consolidated financial statements as of December 31, 2017.

Regarding the adoption of the IFRS 9, it sets the requirements for the recognition and measurement of financial assets and liabilities, as well as the impairment of such assets. As a result of the foregoing, the Company carried out: i) the review and updating of its models, accounting policies, processes and internal controls related to financial instruments; ii) the updating of the hedging expedients of its derivative financial instruments, as well as of its accounting policies and internal controls; and iii) the determination of the business model in which financial assets are held.

In the case of financial liabilities, the adoption of the IFRS 9 had no material effect on the Company’s accounting policies.

As for the impairment of financial assets, this was determined by applying the methodology of loss incurred. With the adoption of IFRS9, as of the January 1, 2017, the expected loss methodology is applied, which takes into account all relevant credit information, such as delinquency and forward-looking macroeconomic information.

In relation to the IFRS 15, the Company modified its accounting policies in order to align them to the new business model that seeks to determine the time and amount with which financial income should be recognized. Additionally, as of its implementation, the costs and commissions incurred by the Company to originate credit agreements should be recognized as assets and amortized in parallel with the accrual of revenue.

For a more detailed explanation about the adoption of these standards in the consolidated financial statements of the Company, please refer to the Company’s 2017 Annual Report.



Consolidated Financial Results

Net Sales

Segment	Net Sales						Same-Store Sales (SSS)			
	4Q17	4Q16	Δ%	2017	2016	Δ%	4Q17	4Q16	2017	2016
Grupo Famsa ¹	5,051	5,268	(4.1%)	17,554	17,544	0.1%	(2.8%)	8.6%	1.7%	6.2%
Famsa Mexico ²	4,516	4,666	(3.2%)	15,605	15,157	3.0%	(2.5%)	10.3%	3.7%	8.2%
Famsa USA ³	502	563	(10.9%)	1,831	2,265	(19.2%)	1.7%	(4.1%)	(17.0%)	(7.5%)
Other	303	298	1.8%	1,030	1,020	1.1%	-	-	-	-
Intercompany	(270)	(259)	(4.3%)	(912)	(898)	(1.6%)	-	-	-	-

(1) Includes sales of non-retail business

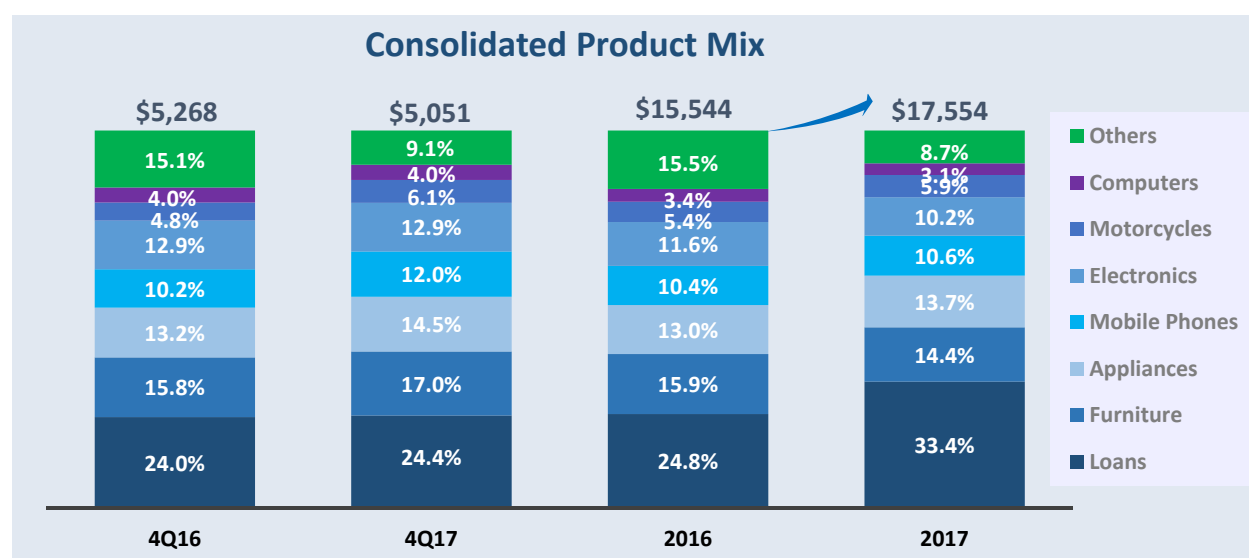
(2) Includes Banco Famsa

(3) SSS calculated in US dollars, excluding foreign exchange rate effects

Consolidated Net Sales amounted to Ps.5,051 million this quarter, a 4.1% decrease when compared to 4Q16, resulting from the adoption of IFRS 15 “Revenue from Contracts with Customers”. Similarly, SSS decreased 2.5% in Mexico but increased 1.7% in USA during 4Q17.

For the full-year 2017, Accumulated Consolidated Net Sales registered a 0.1% growth, amounting to Ps.17,554 million versus Ps.17,544 million in 2016, amid a challenging economic outlook for the consumption in Mexico and high levels of uncertainty in our target market in the USA.

Operations in Mexico were the main catalysts behind its consolidated results, posting an annual increase of 3.0% in Net Sales, mainly driven by the origination of payroll loans for both acquisition of goods and cash withdrawals, as well as the effectiveness of the advertising campaigns and special offers continually implemented for durable goods throughout the year and the ongoing strengthening of the structure and operation of its canvass channel.





Cost of Sales

4Q17 Consolidated Cost of Sales was Ps.2,810 million, decreasing 14.8% when compared to 4Q16. The reduction in the proportion of costs to sales stood out, decreasing from 62.6% in 4Q16 to 55.6%, mainly driven by the conformation of a higher quality credit portfolio, with a more profitable product mix. This improvement in costs offset the rise in Interest in Bank Deposits, which during the quarter grew by 68.5% YoY.

For the full-year 2017, Consolidated Cost of Sales decreased 0.8% in its annual comparison, totaling Ps.9,650 million. The interest on Deposits posted the largest variation, amounting to Ps.1,376 million for the twelve-month period ended December 31, 2017, or up 63% versus 2016. This is attributed to the expanded Bank Deposits base, as well as the gradual increase in the average cost of funding throughout the year derived from the rise in the interest reference rate in Mexico.

Gross Profit

The consolidated Gross Profit for the fourth quarter of 2017 grew by 13.7% YoY, amounting to Ps.2,241 million. Similarly, consolidated Gross Margin expanded 7.0 pp., due to a higher sales volume and a lower proportion of costs to sales.

2017 Consolidated Gross Profit registered a 1.1% growth, reaching Ps.7,904 million, compared to the Ps.7,819 million in 2016. The slight variation recorded in sales, as well as the associated reduction in cost of sales, contributed to this result. It is worth mentioning that the Consolidated Gross Margin expanded by 40 basis points during 2017, reaching 45.0% vs. 44.6% recorded in 2016. The foregoing, despite the higher interest on deposits, which was offset by the efficiencies achieved in the risk management of the Company's Consolidated Loan Portfolio, recording a decrease in allowances for doubtful receivables in 2017.

Operating Expenses

Consolidated Operating Expenses (sales and administrative expenses) posted a decrease of 16.2% YoY in 4Q17, totaling Ps.1,672 million. For the full-year. 2017, Consolidated Operating Expenses (sales and administrative expenses) decreased by 3.7% YoY to reach Ps.6,788 million, despite the inflation hike closed at one of its highest levels in recent times (+6.77%). This variation is attributed to the initiatives implemented by the Management, through an operating cost reduction program launched in February 2017, highlighting the savings generated in Famsa USA's cost structure, in which we seek to align the expenses to the new level of sales in the United States.

On the other hand, the 4Q17 proportion of Operating Expenses to sales and full-year 2017's decreased by 480 bps. and 150 bps., respectively, reflecting the initiatives executed towards a greater efficiency, as a result of the selective closure of units and the canvassing operation, which allows sales to go beyond in store transactions, and whose incentives go hand in hand with the success of the Company's strategy.

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EBITDA

Segment	EBITDA						% EBITDA			
	4Q17	4Q16	Δ%	2017	2016	Δ%	4Q17	4Q16	2017	2016
Grupo Famsa ¹	667	184	262.8%	1,824	1,411	29.2%	13.2%	3.5%	10.4%	8.0%
Famsa Mexico ²	760	(40)	>1,000.0%	1,965	1,062	85.1%	16.8%	(0.9%)	12.6%	7.0%
Famsa USA	(88)	170	(151.6%)	(128)	297	(143.0%)	(17.5%)	30.1%	(7.0%)	13.1%
Other	(5)	54	(109.3%)	(10)	52	(119.9%)	(1.7%)	18.1%	(1.0%)	5.1%
Intercompany	(1)	0	(176.7%)	(3)	0	>(1,000.0%)	0.4%	0.0%	0.3%	0.0%

(1) Includes EBITDA from non-retail business

(2) Includes Banco Famsa

Consolidated EBITDA totaled Ps.667 million during the fourth quarter of 2017, expanding 262.8% when compared to the same period last year, mainly driven by both a low base of comparison that reflects the accounting adjustments conducted at year-end 2016 and the recently executed initiatives towards the achievement of a lower proportion of costs and expenses to sales, which follow in return a greater operational efficiency and the drive of the sales in Mexico.

For the full-year 2017, Consolidated EBITDA amounted to Ps.1,824 million, increasing 29.2% compared to the Ps.1,411 million in 2016, above the upper part of the 2017 Guidance range (Ps.1,600 – Ps.1,700 million) announced at the beginning of the year. Additionally, the Consolidated EBITDA margin expanded by 240 bps., reaching 10.4% at year-end 2017 compared to 8.0% in 2016. Famsa Mexico was the business unit which contributed to the generation of operating efficiencies and recorded a greater dynamism in sales. As for Famsa USA, major adjustments in its operational structure were made throughout 2017, seeking to stabilize its margins at the new level of sales.

Financial Expenses, net

	4Q17	4Q16	Δ%	2017	2016	Δ%
Interest income	8	93	(91.8%)	291	380	(23.5%)
Interest expenses	(298)	(260)	(14.4%)	(1,103)	(927)	(19.0%)
Exchange gain & losses, net	(212)	(195)	(8.9%)	152	(548)	127.8%
Total	(502)	(362)	(38.8%)	(660)	(1,095)	39.7%

4Q17 Net Financial Income was Ps.502 million, 38.8% higher than the Ps.362 million registered in 4Q16, as it was affected by higher Interest expenses, which rose by 8.9% YoY, as a result of the upward trend in the Equilibrium Interbank Interest rate "TIIE" (+150 bps.) and a FX loss of Ps.212 million, vs. a 4Q16 FX loss of Ps.195 million.



For the full-year 2017, the Net Financial Income recorded a decrease of 39.7% vs. 2016, derived from a lower exchange rate of the MXN vs. USD, which resulted in a FX gain of Ps.152 million, vs. the negative figure of Ps.548 million in 2016, this is, a positive variation of 127.8%. On the other hand, financial expenses (“interest paid”) amounted to Ps.1,103 million at year-end 2017, an increase of 19.0% compared to Ps.927 million in 2016. This increase is aligning with the upward trend in the TIE (+150 bps.) registered during 2017, as well as the financial expenses incurred as a result of the advance payment of the Company’s Senior Notes due 2020, for a total amount of US\$110 million, carried out in September same year.

Net Income

In 4Q17, Grupo Famsa recorded a Consolidated Net Loss of Ps.414 million, due to a non-cash effect in deferred taxes.

For the full-year 2017, Consolidated Net Income totaled Ps.307 million, compared to the positive result of Ps.346 million recorded in 2016.

In 2017, a fiscal reform bill was approved in USA, having a significant impact on Grupo Famsa’s deferred taxes, as the income tax rate decreased from 35.0% to 21.0%. Consequently, when applying this new tax rate to temporary items, the positive effect of the deferred income tax recorded was lower than the estimates for the previous year.

Financial Position Summary

Key Items	4Q17	4Q16	Δ%
Trade Receivables, net	25,200	25,893	(2.7%)
Mexico Consumer	18,517	19,583	(5.4%)
Mexico Commercial	4,360	3,691	18.1%
USA Consumer	2,323	2,619	(11.3%)
Inventory	2,445	2,554	(4.3%)

Trade Receivables

As of quarter-end, consolidated Trade Receivables balance was Ps.25,200 million, net of allowances for doubtful receivables, 2.7% lower than the balance recorded in 4Q16.

The Consumer Portfolio in the United States decreased 11.3% from December 31, 2016 to year-end 2017, driven by a lower sales volume recorded during the year. On the other hand, the Commercial Portfolio in Mexico grew by Ps.669 million as of December 31, 2017, 18.1% above the balance recorded as of December 31, 2016, amounting to Ps.4,360 million (this portfolio stands out for its very attractive NPL ratio, of only 1.5%). Regarding the Consumer Portfolio in Mexico, a 5.4% decrease was registered in 4Q17, amounting to Ps.18,517 million.



The Company adopted the IFRS 9 “Financial Instruments” and IFRS 15 “Revenue from Contracts with Customers” in advance and with retrospective effects as of January 1, 2017. Changes in Grupo Famsa’s consolidated financial statements as of January 1, 2017 arising from these standards’ adoptions are described below:

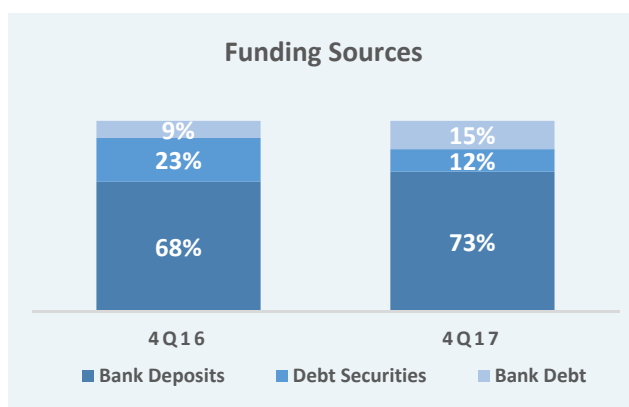
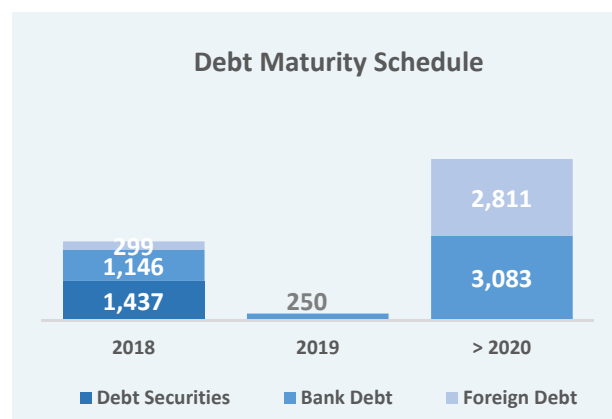
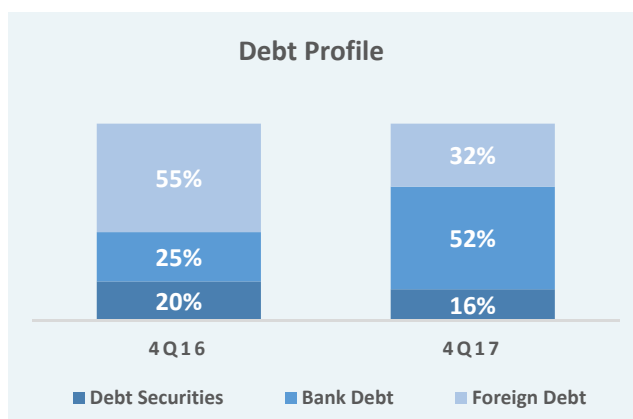
- The IFRS 9 establishes the use of the expected loss model and not the incurred loss model to evaluate the loan portfolio impairment. As of January 1, 2017, the effect of the adoption of this standard was an increase of Ps.3,360 million in allowances for doubtful receivables, charged to retained earnings, before the effects of deferred income taxes.
- The IFRS 15 establishes that the Company must adjust the committed amount of consideration to gauge the effects of the time value of money. The former applies if the payment term agreed upon by the contract parties, explicitly or implicitly, provides the customer a significant financing benefit through the transfer of goods or services to the customer. As of January 1, 2017, the adoption effect for this concept was a decrease in the long-term customer portfolio for an amount of Ps.1,234 million, charged to retained earnings, before the effects of deferred income taxes.

Debt

Debt Ratios	4Q17	4Q16	Δ%
Net Debt	7,383	8,497	(13.1%)
Gross Debt	9,026	10,001	(9.7%)
Interest Coverage Ratio	1.5	1.5	-

Net Debt at quarter-end, excluding Bank Deposits, amounted to Ps.7,383 million, a 13.1% decrease when compared to the Ps.8,497 million in 4Q16, mainly following the amortization of short-term debt towards the resources obtained from the monetization of assets, the appreciation of the MXN vs. the USD during the period, and a 9.3% increase in the cash and cash equivalents balance, which shifted from Ps.1,504 million in 4Q16 to Ps.1,643 million in 4Q17. Separately, the balance of Gross Debt as of December 31st, 2017, excluding Bank Deposits, recorded a 9.7% decrease vs. 4Q16.

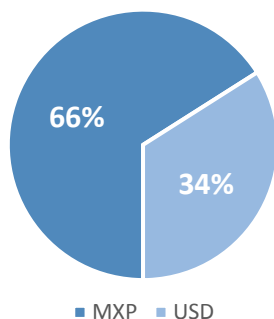
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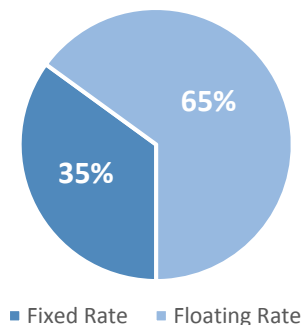
Gross Debt as of December 31, 2017, was composed as follows:

Debt Composition	Short-term	%	Long-term	%	Total	%
Bank Debt	1,474	50.6%	3,381	55.3%	4,855	53.8%
Debt Securities	1,437	49.4%	2,734	44.7%	4,171	46.2%
	2,911	100.0%	6,115	100.0%	9,026	100.0%

By Currency



By Rate





Shareholders' Equity

The shareholders' equity amounted to Ps.7,255 million as of December 31, 2017, showing a decrease of 12.8% when compared to the balance at year-end 2016, mainly due to the decrease in retained earnings associated to the early adoption of IFRS 9 and IFRS 15.

The changes in the Grupo Famsa's consolidated financial statements resulting from these standards' adoption as of January 1, 2017, represented an adjustment of Ps.2,853 million. Each of these effects are described below in greater detail:

1. The IFRS 9 establishes the use of the expected loss model and not the incurred loss model to evaluate the loan portfolio impairment. As of January 1, 2017, the effect of the adoption of this standard was an increase of Ps.3,360 million in allowances for doubtful receivables, charged to retained earnings, before the effects of deferred income taxes.
2. The IFRS 15 establishes that the Company must adjust the committed amount of consideration to gauge the effects of the time value of money. The former applies if the payment term agreed upon by the contract parties, explicitly or implicitly, provides the customer a significant financing benefit through the transfer of goods or services to the customer. As of January 1, 2017, the adoption effect for this concept was a decrease in the long-term customer portfolio for an amount of Ps.1,234 million, charged to retained earnings, before the effects of deferred income taxes.
3. The IFRS 15 establishes that certain incremental costs in which the Company incurs to obtain contracts with customers must be recognized as a deferred asset. As a result of the foregoing, the Company has identified certain fees paid to sellers for loan origination as incremental costs subject to capitalize. As of January 1, 2017, the effect of the capitalization of these incremental costs was a Ps.518 million charge to other non-current assets with a credit to retained earnings, before the effects of deferred income taxes.
4. The net effect of deferred income taxes associated to the changes described in the lines above as of January 1, 2017, represented a Ps.1,223 million charge to deferred income taxes with a credit to retained earnings.



Recent Developments

- ➡ Grupo Famsa announced that during the last quarter of 2017 Ps.300 million were received to amortize the balance of collection rights with its majority shareholder, adding up to a total of Ps.1,127 million during 2017. Likewise, another Ps.800 million are expected to be received towards 2018, following the buy-sale negotiations for certain properties; the obtained resources will be used mainly for the amortization of short-term liabilities.
- ➡ An amendment was made to the guarantee agreement pertaining the collection rights with the majority shareholder of the Company, a term of up to 5 years is now contemplated for the total amortization of the outstanding balance as of December 31st, 2017. This in order to maximize the monetization of assets that still remain at the Guarantee Trust established for this purpose.
- ➡ Banco Ahorro Famsa informed on February 9th, 2018 the acquisition of the time & demand deposits of Bankaool S.A. With this transaction, Banco Famsa increased both its level of bank deposits, to approximately Ps.183 million, and its customer network (31,000 active accounts).
- ➡ February 23th 2018, Fitch affirmed the following rating action of Long-Term Foreign and Local Currency IDR at 'B-' with Stable outlook. At the same time, has also affirmed the Longterm and Short-term National rating at 'BB (mex)' and 'B (mex)'. The USD250 million senior unsecured notes due in 2020 were affirmed in 'B-/RR4', while both short-term Certificados Bursatiles programs were affirmed at 'B (mex)'.

Forward-looking Statements

This report contains, or may be deemed to contain, forward-looking statements. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. The future results of Grupo Famsa, S.A.B. de C.V. and its subsidiaries may differ from the results expressed in, or implied by, the forward-looking statements set out herein, possibly to a material degree.

Analyst Coverage

Since Grupo Famsa, S.A.B. de C.V. ("Famsa") securities are subject to the rules and regulations included in the Reglamento Interior de la Bolsa Mexicana de Valores (Interior Rules and Regulations of the Mexican Stock Market), the Company would like to inform that, in compliance with that stated in Disposition 4.033.10 of said Rules and Regulations, the following financial institutions provide formal coverage over its stock: GBM, Vector and BBVA Bancomer. For further information on institutional coverage, please visit www.grupofamsa.com.



Technical Notes and Bases for Consolidation and Presentation

Non-performing Loans Ratio (IMOR): The calculation of IMOR in this Quarterly Report includes “Collection Rights” in Banco Famsa’s total Credit Portfolio. These rights correspond to loans that are discounted via payroll. Due to an accounting reclassification that came into effect in July 2013, they are excluded from the Credit Portfolio used for the calculation of the IMOR indicator for the Mexican National Banking and Securities Commission (CNBV).

Credit Portfolio: Banco Famsa’s business model focuses largely on Consumer Credit, therefore the weight of such credits in the bank’s portfolio mix differs from that of standard financial institutions in the Mexican-banking sector. Consequently, Banco Famsa’s results and figures are not directly comparable with those of the aforementioned.

Net Financial Expenses: They are primarily comprised of the Financial Expenses corresponding to financing instruments and foreign exchange rate effect.

Percentage rates of change: Percentage rates of change presented in this Report are calculated according to the consolidated financial statements contained herein.

Earnings Release 4Q17



Consolidated Financial Statements

Grupo Famsa, S.A.B. de C.V. and subsidiaries

Consolidated statements of financial position
Thousands of Mexican Pesos

	31-dec-17	31-dec-16	Δ\$	Δ%
Assets				
CURRENT ASSETS:				
Cash and equivalents	1,643,117	1,503,578	139,539	9.3%
Trade receivables, net	16,768,429	17,677,531	(909,102)	(5.1%)
Rights to collect from related parties	800,000	800,000	-	-
Recoverable taxes	324,763	602,327	(277,564)	(46.1%)
Other accounts receivable	2,140,876	1,770,899	369,977	20.9%
Inventories	2,445,183	2,553,842	(108,659)	(4.3%)
Advance payments	454,534	416,272	38,262	9.2%
Total current assets	\$24,576,902	\$25,324,449	(747,547)	(3.0%)
NON-CURRENT ASSETS:				
Restricted cash	311,785	311,785	-	-
Trade receivables, net	8,431,555	8,215,346	216,209	2.6%
Rights to collect from related parties	3,304,702	4,105,381	(800,679)	(19.5%)
Property, leasehold improvements, and furniture & equipment, net	1,378,676	1,880,989	(502,313)	(26.7%)
Goodwill and intangible assets, net	473,228	472,190	1,038	0.2%
Guarantee deposits	136,373	127,257	9,116	7.2%
Other assets	1,368,764	357,341	1,011,423	283.0%
Deferred income tax	4,814,057	1,695,040	3,119,017	184.0%
Total non-current assets	\$20,219,140	\$17,165,329	3,053,811	17.8%
Total assets	\$44,796,042	\$42,489,778	2,306,264	5.4%
Liabilities and Stockholders' Equity				
CURRENT LIABILITIES:				
Demand deposits	22,623,205	17,274,090	5,349,115	31.0%
Short-term debt	2,911,207	4,026,018	(1,114,811)	(27.7%)
Suppliers	1,579,182	1,373,372	205,810	15.0%
Accounts payable and accrued expenses	1,300,450	1,238,526	61,924	5.0%
Deferred income from guarantee sales	255,513	222,846	32,667	14.7%
Income tax payable	74,099	36,912	37,187	100.7%
Total current liabilities	\$28,743,656	\$24,171,764	4,571,892	18.9%
NON-CURRENT LIABILITIES:				
Time-deposits	2,370,959	3,788,816	(1,417,857)	(37.4%)
Long-term debt	6,114,730	5,974,656	140,074	2.3%
Deferred income from guarantee sales	135,339	120,175	15,164	12.6%
Employee benefits	176,454	119,123	57,331	48.1%
Total non-current liabilities	\$8,797,482	\$10,002,770	(1,205,288)	(12.0%)
Total liabilities	\$37,541,138	\$34,174,534	3,366,604	9.9%
Stockholders' Equity				
Capital stock	1,706,089	1,703,847	2,242	0.1%
Additional paid-in capital	3,836,949	3,810,052	26,897	0.7%
Retained earnings	466,906	1,629,156	(1,162,250)	(71.3%)
Net income	307,386	346,074	(38,688)	(11.2%)
Reserve for repurchase of shares	216,119	234,471	(18,352)	(7.8%)
Foreign currency translation adjustment	630,984	558,059	72,925	13.1%
Total Stockholders' equity attributable to shareholders'	7,164,433	8,281,659	(1,117,226)	(13.5%)
Non-controlling interest	90,471	33,585	56,886	169.4%
Total stockholders' equity	\$7,254,904	\$8,315,244	(1,060,340)	(12.8%)
Total liabilities and stockholders' equity	\$44,796,042	\$42,489,778	2,306,264	5.4%

Earnings Release 4Q17



Grupo Famsa, S.A.B. de C.V. and subsidiaries

Consolidated statement of income
Thousands of Mexican Pesos

	4Q17	4Q16	Δ\$	Δ%	2017	2016	Δ\$	Δ%
Total revenue	5,051,082	5,267,538	(216,456)	(4.1%)	17,553,897	17,543,729	10,168	0.1%
Cost of sales	(2,810,000)	(3,297,276)	487,276	14.8%	(9,649,532)	(9,724,395)	74,863	0.8%
Gross profit	<u>2,241,082</u>	<u>1,970,262</u>	<u>270,820</u>	<u>13.7%</u>	<u>7,904,365</u>	<u>7,819,334</u>	<u>85,031</u>	<u>1.1%</u>
Selling & administrative expenses	(1,671,518)	(1,993,914)	322,396	16.2%	(6,787,594)	(7,050,605)	263,011	3.7%
Other income, net	(284)	110,134	(110,418)	(100.3%)	294,136	225,519	68,617	30.4%
Operating profit	<u>569,280</u>	<u>86,482</u>	<u>482,798</u>	<u>558.3%</u>	<u>1,410,907</u>	<u>994,248</u>	<u>416,659</u>	<u>41.9%</u>
Financial income	7,682	93,320	(85,638)	(91.8%)	290,564	379,617	(89,053)	(23.5%)
Financial expenses	(297,553)	(260,166)	(37,387)	(14.4%)	(1,102,814)	(926,802)	(176,012)	(19.0%)
FX gain & losses, net	(212,430)	(195,038)	(17,392)	(8.9%)	152,190	(547,690)	699,880	127.8%
Financial expenses, net	(502,301)	(361,884)	(140,417)	(38.8%)	(660,060)	(1,094,875)	434,815	39.7%
Profit (loss) before income tax	<u>66,979</u>	<u>(275,403)</u>	<u>342,382</u>	<u>124.3%</u>	<u>750,847</u>	<u>(100,627)</u>	<u>851,474</u>	<u>846.1%</u>
Income tax	(480,863)	176,350	(657,213)	(372.7%)	(443,461)	446,701	(890,162)	(199.3%)
Consolidated net income (loss)	<u>(413,884)</u>	<u>(99,053)</u>	<u>(314,831)</u>	<u>(317.8%)</u>	<u>307,386</u>	<u>346,074</u>	<u>(38,688)</u>	<u>(11.2%)</u>
Net income (loss) attributable to controlling interest	(414,003)	(97,782)	(316,221)	(323.4%)	305,496	343,947	(38,451)	(11.2%)
Net income (loss) attributable to non-controlling interest	119	(1,271)	1,390	(109.4%)	1,890	2,127	(237)	(11.1%)
Consolidated net income (loss)	<u>(413,884)</u>	<u>(99,053)</u>	<u>(314,831)</u>	<u>(317.8%)</u>	<u>307,386</u>	<u>346,074</u>	<u>(38,688)</u>	<u>(11.2%)</u>

Earnings Release 4Q17



Grupo Famsa, S.A.B. de C.V. and subsidiaries

Consolidated statement of income

Thousands of Mexican Pesos

	2017	2016
Operating activities		
Profit (loss) before income tax	750,847	(100,627)
Depreciation and amortization	412,880	416,933
Allowance for doubtful receivables	1,112,183	1,692,509
Estimated inventory loss	29,675	-
Loss (income) on sale of property, leasehold improvements, furniture & equipment	(239,947)	(22,131)
Credit placement costs	(425,307)	-
Estimated liabilities for labor benefits	49,845	23,686
Interest income	(14,688)	(7,711)
Amortization of debt securing costs	5,915	-
Interest accrued on collection rights with related parties	(271,483)	(371,906)
Interest expenses	1,102,814	926,802
Interest paid on bank deposits	1,376,007	844,184
(Unrealized FX (gain) loss	(139,903)	1,056,930
Subtotal	\$3,748,838	\$4,458,669
Clients	(5,518,398)	(5,707,475)
Inventories	78,984	(101,285)
Collection rights with related parties	1,072,162	-
Interest on bank deposits	(1,376,007)	(825,094)
Demand and time deposits	3,931,258	2,684,987
Decrease in other working capital items	(203,734)	(89,435)
Net cash flows from operating activities	\$1,733,103	\$420,367
Investing activities		
Acquisition of property, leasehold improvements, furniture and equipment	(109,205)	(150,313)
Acquisition of intangible assets	(79,981)	(19,522)
Proceeds from sale of property, leasehold improvements, furniture and equipment	505,142	27,091
Interest received	14,688	7,711
Other assets and deposits in guarantee	(76,742)	-
Net cash flow used in investing activities	\$253,902	(\$135,033)
Financing activities		
Interest paid	(1,102,814)	(932,620)
Proceeds from current and non-current debt and bank loans	6,615,191	3,721,275
Principal payments of current and non-current debt and bank loans	(7,129,890)	(3,784,162)
Resale Share (repurchase), net	10,787	(1,748)
Net cash flow from financing activities	(\$1,606,726)	(\$997,255)
Increase (decrease) in net cash and cash equivalents	380,279	(711,921)
Adjustments to cash flow as a result of changes in cash value	(240,740)	21,176
Cash, cash equivalents and restricted cash at the beginning of the period	1,815,363	2,506,108
Cash, cash equivalents and restricted cash at the end of the period	\$1,954,902	\$1,815,363

Notes to the Financial Statements: For a greater depth of analysis, we recommend referring to the Notes of our Financial Statements at www.grupofamsa.com