



EARNINGS
RELEASE

4Q17



Earnings Release 4Q17



Monterrey, Mexico February 26th, 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 preliminary, unaudited 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	5,614	5,267	6.6%
Cost of Sales	(3,263)	(3,297)	1.0%
Gross Profit	2,352	1,970	19.4%
Operating Expenses	(1,988)	(1,994)	0.3%
Other Income (Expenses), net	10	110	(90.9%)
Operating Profit	374	86	332.3%
EBITDA	471	184	156.5%
Net Loss	(534)	(99)	(438.7%)
Gross Margin	41.9%	37.4%	-
EBITDA Margin	8.4%	3.5%	-
Net Margin	(9.5%)	(1.9%)	-
Annual Information	2017	2016	Δ%
Net Sales	18,117	17,544	3.3%
Cost of Sales	(10,102)	(9,724)	(3.9%)
Gross Profit	8,015	7,819	2.5%
Operating Expenses	(7,104)	(7,051)	(0.8%)
Other Income (Expenses), net	304	225	35.0%
Operating Profit	1,216	994	22.3%
EBITDA	1,628	1,411	15.4%
Net Income	188	346	(45.8%)
Gross Margin	44.2%	44.6%	-
EBITDA Margin	9.0%	8.0%	-
Net Margin	1.0%	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, growing by 6.6% YoY. Operations in Mexico were the main catalysts behind its consolidated results, with Famsa Mexico's annual growth of 8.6% in Net Sales, above our 2017 Guidance. This achievement was mostly supported by the origination of payroll loans for both acquisition of goods and cash withdrawals, as we seek to consolidate a high-quality mix and strengthen the credit origination criteria. 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 8.6% AsA in MXP but posting a higher dynamism than previous quarters.

Similarly, Consolidated EBITDA amounted to Ps.471 million in 4Q17, contributing to reach Ps.1,628 million of annual Consolidated EBITDA, rising 15.4% 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 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 4Q17 and so far this year. 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%; ii) Consolidated EBITDA: between 13.6% and 19.8%; and, iii) Consolidated EBITDA Margin: between 9.3% and 9.7%.

Humberto Garza Valdez,
Chief Executive Officer



Business Segments

Famsa Mexico

During 4Q17, Net Sales grew by 8.6% YoY, despite the effect of the closing of 5 stores in 2017 in favor of a more profitable commercial network. Similarly, Same Store Sales (VMT) for the period had a growth of 8.4% YoY. In addition, we achieved a maximization of benefits from the season, "Buen Fin" (Black Friday) and Christmas, due to efficient advertising campaigns, which coupled with a wide diversity of promotions for the clients. It is worth highlighting the Appliance category performance this quarter (+8.0%), which was mostly boosted by a strong demand on washing equipment.

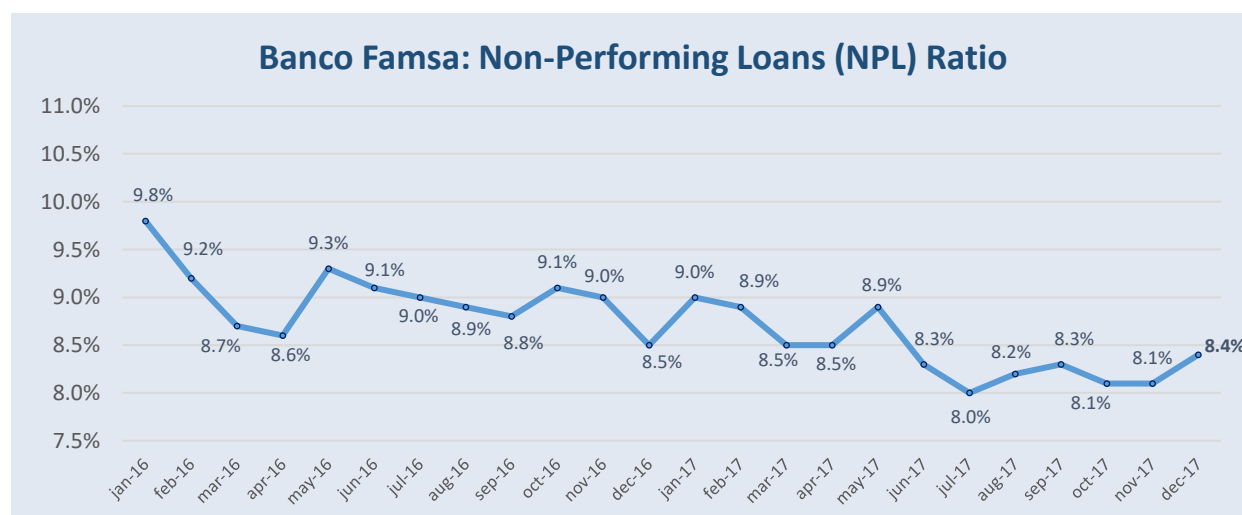
Moreover, Grupo Famsa continued advancing in the enhancement of its clients' profile through the application of tailor made criteria for every location, instead of a centralized strategy, at the same time of pursuing the minimization of credit risk. Also, it moved forward with the strengthening of the structure and operation of its canvass channel.

For the full-year 2017, Net Sales grew 6.6% when compared to 2016, while Same Store Sales grew by 6.3%.

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, 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, 3.0 pp. higher than the 61.0% recorded in the same period of 2016.



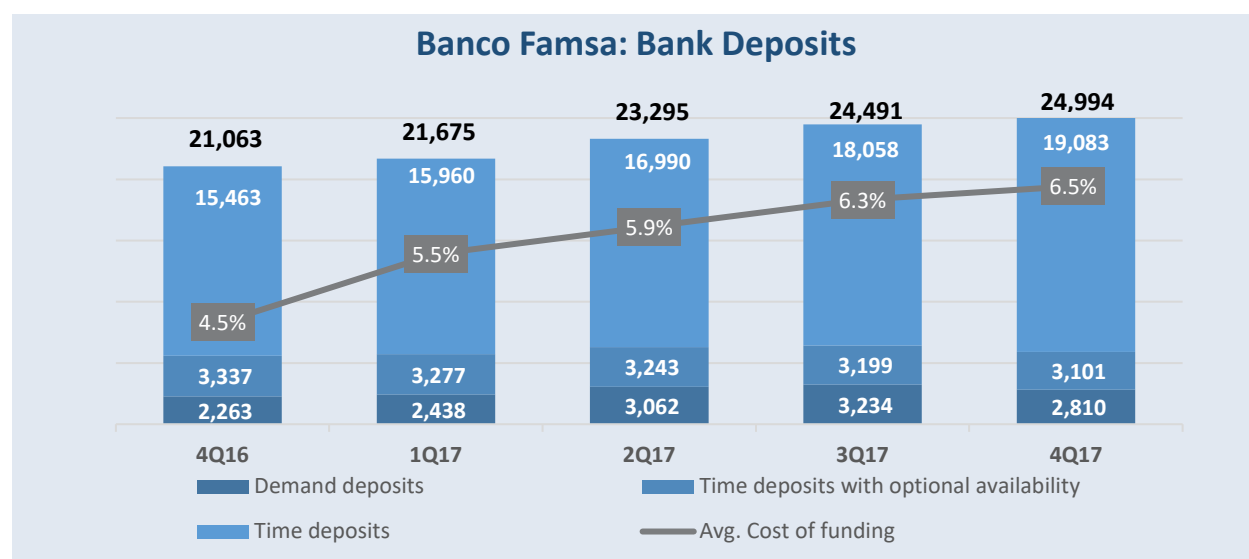
Source: Banco Famsa

Earnings Release 4Q17



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.401 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 8.6%, 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 18.6%, 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.

Earnings Release 4Q17



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.

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	5,614	5,267	6.6%	18,117	17,544	3.3%	7.1%	8.6%	4.0%	6.2%
Famsa Mexico ²	5,067	4,666	8.6%	16,156	15,157	6.6%	8.4%	10.3%	6.3%	8.2%
Famsa USA ³	514	563	(8.7%)	1,843	2,265	(18.6%)	1.7%	(4.1%)	(17.0%)	(7.5%)
Other	303	297	1.8%	1,030	1,020	1.1%		-		-
Intercompany	(270)	(259)	(4.2%)	(912)	(898)	(1.6%)		-		-

(1) Includes sales of non-retail business

(2) Includes Banco Famsa

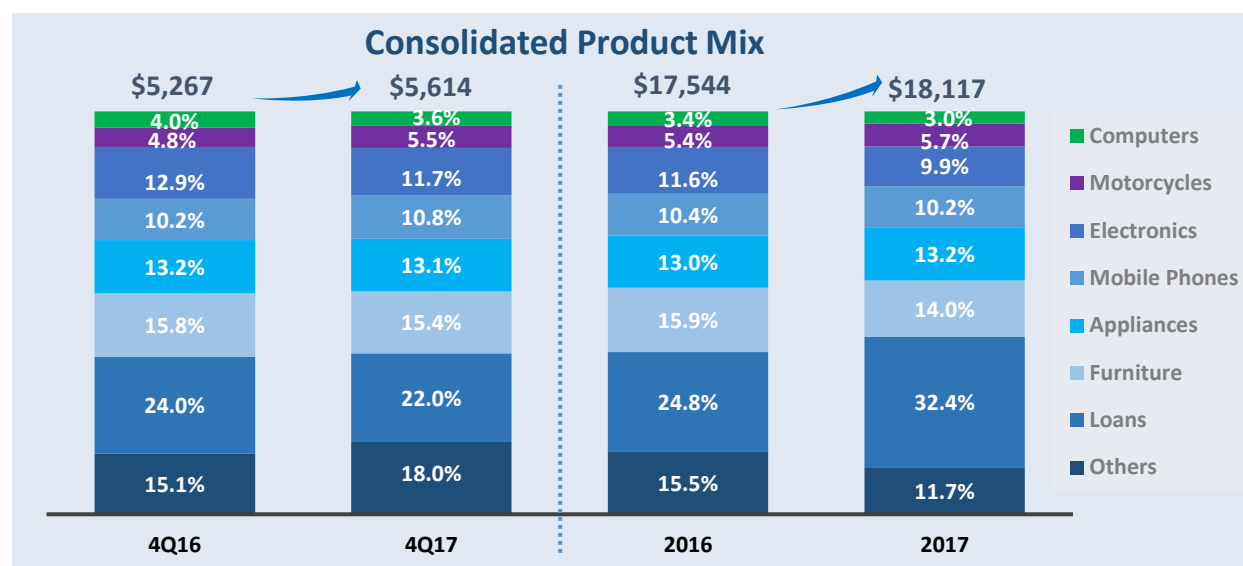
(3) SSS calculated in US dollars, excluding foreign exchange rate effects

Consolidated Net Sales for the quarter totaled Ps.5,614 million, representing an increase of 6.6% YoY, supported by the performance of our business in Mexico, which due to a revitalized commercial operation was able to boost the benefits obtained during "El buen fin" (Black Friday weekend) and the Christmas season, more than offsetting the performance in USA, which also registered a sequential improvement. Regarding 4Q17 Same Store Sales, we posted a 8.4% and 1.7% growth in Mexico and the USA, respectively.

Earnings Release 4Q17



For the full-year 2017, consolidated Net Sales posted a stable growth of 3.3% YoY, amid a challenging economic outlook for the consumption in Mexico and high levels of uncertainty in our target market in the USA.



Cost of Sales

4Q17 Consolidated Cost of Sales was Ps.3,263 million, decreasing 1.0% when compared to 4Q16. The reduction in the proportion of costs to sales stood out, decreasing from 44.0% in 4Q16 to 41.3%, 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 registered a similar trend than that in 4Q17, increasing by 3.9% in its annual comparison, also following a higher Interest in Bank Deposits along the year, whose proportion to sales rose from 4.8% to 7.6%, given the gradual increase in the average cost of funding during the year.

Gross Profit

The consolidated Gross Profit for the fourth quarter of 2017 grew by 19.4% YoY, amounting to Ps.2,352 million. Similarly, consolidated Gross Margin expanded 4.5 pp., due to a higher sales volume and a lower proportion of costs to sales. For the full-year 2017, Consolidated Gross Profit registered a 2.5% growth when compared to 2016.

Earnings Release 4Q17



Operating Expenses

Consolidated Operating Expenses (sales and administrative expenses) posted a marginal decrease of 0.3% YoY in 4Q17, totaling Ps.1,988 million. For the full-year 2017, consolidated Operating Expenses remained stable, increasing 0.8% YoY, despite the inflation hike that closed at one of its highest levels in recent times (+6.77%).

On the other hand, the 4Q17 proportion of Operating Expenses to sales and full-year 2017's decreased by 245 bps. and 98 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.

EBITDA

Segment	EBITDA						% EBITDA			
	4Q17	4Q16	Δ%	2017	2016	Δ%	4Q17	4Q16	2017	2016
Grupo Famsa ¹	471	184	156.5%	1,628	1,411	15.4%	8.4%	3.5%	9.0%	8.0%
Famsa Mexico ²	511	(40)	>1,000.0%	1,716	1,062	61.7%	10.1%	(0.9%)	10.6%	7.0%
Famsa USA	(35)	170	(120.6%)	(75)	297	(125.3%)	(6.8%)	30.1%	(4.1%)	13.1%
Other	(5)	54	(109.3%)	(10)	52	(119.9%)	(1.7%)	18.1%	(1.0%)	5.1%
Intercompany	0	0	-	(3)	0	>(1,000.0%)	0.1%	0.0%	0.3%	0.0%

(1) Includes EBITDA from non-retail business

(2) Includes Banco Famsa

Consolidated EBITDA totaled Ps.471 million during the fourth quarter of 2017, expanding 156.5% 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. Similarly, Consolidated EBITDA Margin increased 491 bps. standing at 8.4%, from 3.5% registered in 4Q16.

For the full-year 2017, consolidated EBITDA totaled Ps.1,628 million, rising 15.4% from Ps.1,411 million in 2016, in line with our 2017 Guidance. Additionally consolidated EBITDA Margin expanded in 100 bps., reaching 9.0% at year-end.

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.

Net Income

In 4Q17 was recorded a consolidated Net Loss of Ps.534 million, due to a non-cash effect in deferred taxes.

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% to 21%. 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. For the full-year 2017, consolidated Net Income amounted to Ps.188 million.

Financial Position Summary

Key Items	4Q17	4Q16	Δ%
Trade Receivables, net	29,100	25,893	12.4%
Mexico Consumer	22,559	19,583	15.2%
Mexico Commercial	4,360	3,691	18.1%
USA Consumer	2,181	2,619	(16.7%)
Inventory	2,475	2,554	(3.1%)

Trade Receivables

As of quarter-end, consolidated Trade Receivables balance was Ps.29,100 million, net of allowances for doubtful receivables, 12.4% higher than the balance recorded in 4Q16. Likewise, the Consumer Portfolio in Mexico registered an increase of 15.2% during the fourth quarter, totaling Ps.22,559 million, driven by the success achieved in the origination of payroll credits.

At the same time, the Commercial Portfolio in Mexico grew by Ps.669 million as of December 31st, 2017, 18.1% above the balance recorded as of December 31st, 2016, amounting to Ps.4,360 million (this portfolio stands out for its very attractive NPL ratio, of only 1.5%). Lastly, the Consumer Portfolio in USA recorded a 16.7% decrease from December 31st, 2016 to year-end 2017, driven by a lower sales volume recorded during the year.

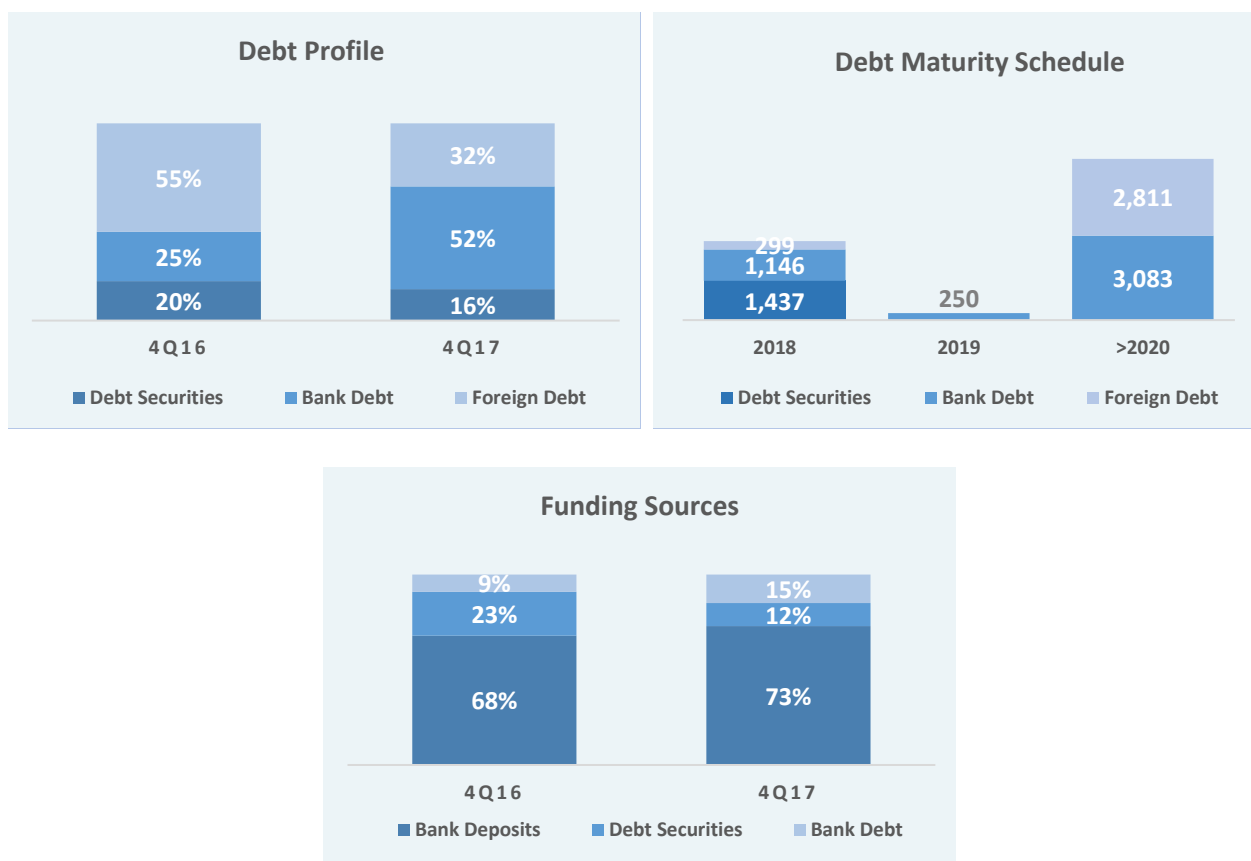
Debt

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	-

Earnings Release 4Q17



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.



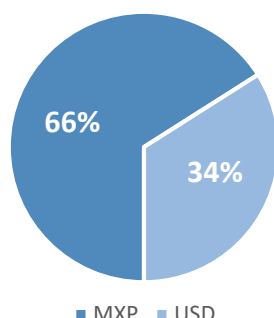
Gross Debt as of December 31st, 2017, was composed as follows:

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%

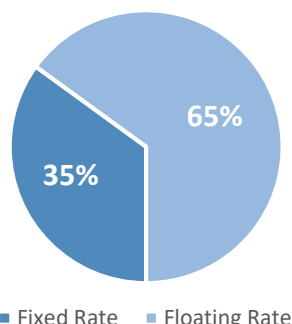
Earnings Release 4Q17



By Currency



By Rate



Shareholders' Equity

The shareholders' equity amounted to Ps.8,543 million as of December 31st, 2017, showing an increase of 2.7% when compared to the balance at year-end, 2016.

2018 Guidance

In 2018, Grupo Famsa will move forward with its liabilities amortization plan through the use of the estimated resources to be obtained from the monetization of assets (aprox. Ps.800 million). In addition, the Company will seek additional funding sources for the improvement of its debt maturity schedule and current financing terms. These initiatives are aimed to maintain a controlled and adequate level of indebtedness, as well as to consolidate a solid credit profile, with less exposure to fluctuations in exchange and interest rates.

Similarly, Grupo Famsa pursues an optimal operating structure and results maximization, focusing mainly on consolidating a commercial network oriented to achieve higher margins; and, continue with the containment of expenses and consolidation of efficiencies.

Therefore, the following Guidance is set for year 2018:

Financial Results	2017	2018 Guidance (Low Range)	Δ% YoY Growth	2018 Guidance (High Range)	Δ% YoY Growth
Consolidated Net Sales (MXP Million)	Ps.18,117	Ps.19,839	+9.5%	Ps.20,004	+10.4%
Consolidated EBITDA (MXP Million)	Ps.1,628	Ps.1,850	+13.6%	Ps.1,950	+19.8%
EBITDA Margin (%)	9.0%	9.3%	+0.3 pp.	9.7%	+0.7 pp.
Δ% YoY Growth in Same Store Sales (SSS)					
Famsa Mexico	+6.5%	+9.4%		+10.4%	
Famsa USA (USD)	(19.7%)	+11.8%		+13.8%	



Early adoption of new International Financial Reporting Standards (IFRS)

Deriving from the recent application of IFRS 15 “Revenue from Contracts with Customers” and IFRS 9 “Financial Instruments”, effective as of January 1, 2018, the Company has decided to carry out an early adoption on these accounting standards, whose effects will be presented and validated in the audited financial statements as of December 31, 2017.

IFRS 15 allows two procedures of adoption, i) in a retrospectively manner to each previous period of presentation or ii) in a retrospectively manner to the accumulated effect of the initial application recognized as of the initial application day. Additionally this standard states that, if an entity decides to apply a practical solution on the existence of a significant financing component or on the incremental costs related to a contract procurement, the entity is bound to reveal this fact.

IFRS 9 sets the recognition and measurement requirements for financial assets, financial liabilities and some buy-sale contracts for non-financial items. This standard incorporates a new impairment model, based on the expected loss gearing towards a dual focus on measurement, over which an allowance under expected losses of the next 12 months or on the asset life will be created. The very fact that determines to pass from the first allowance to the second is oriented to the generation of a larger allowance for the credit portfolio.

We are currently in the implementation of systems for revenue recognition, impairment models, and adapting our internal controls to both revenue recognition and identification of expected losses, which are required for the application of these standards.

Similarly, we are moving forward in the determination of effects for the aforementioned accounting standards, where the most significant will be mainly originated towards the existence of a significant financial component on the clients’ contracts and the determination of allowances for the credit portfolio, as stated in the expected loss model.

We neither anticipate any impact in our cash flow nor in the affirmative and/or negative covenants stated at the respective indenture of our outstanding credit facilities and financial liabilities.

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).
- On 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 Long-term 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	25,609,073	22,773,269	2,835,804	12.5%
Rights to collect from related parties	800,000	800,000	-	-
Recoverable taxes	324,763	602,327	(277,564)	(46.1%)
Other accounts receivable	2,076,646	1,770,899	305,747	17.3%
Inventories	2,475,280	2,553,842	(78,562)	(3.1%)
Total current assets	\$32,928,879	\$30,003,915	2,924,964	9.7%
NON-CURRENT ASSETS:				
Restricted cash	311,785	311,785	-	-
Trade receivables, net	3,490,304	3,119,608	370,696	11.9%
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	327,201	251,821	75,380	29.9%
Guarantee deposits	136,373	127,258	9,115	7.2%
Other assets	1,100,216	993,981	106,235	10.7%
Deferred income tax	3,091,295	1,695,040	1,396,255	82.4%
Total non-current assets	\$13,140,552	\$12,485,863	654,689	5.2%
Total assets	\$46,069,431	\$42,489,778	3,579,653	8.4%
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	1,505,877	1,373,372	132,505	9.6%
Accounts payable and accrued expenses	1,393,277	1,238,526	154,751	12.5%
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	\$28,763,178	\$24,171,764	4,591,414	19.0%
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 for guarantee sales	135,339	120,175	15,164	12.6%
Employee benefits	142,035	119,123	22,912	19.2%
Total non-current liabilities	8,763,063	10,002,770	(1,239,707)	(12.4%)
Total liabilities	\$37,526,241	\$34,174,534	3,351,707	9.8%
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	1,761,300	1,631,283	130,017	8.0%
Net income	256,372	343,947	(87,575)	(25.5%)
Reserve for repurchase of shares	216,119	234,471	(18,352)	(7.8%)
Foreign currency translation adjustment	629,493	558,059	71,434	12.8%
Total stockholders' equity attributable to shareholders	8,406,322	8,281,659	124,663	1.5%
Non-controlling interest	136,868	33,585	103,283	307.5%
Total stockholders' equity	\$8,543,190	\$8,315,244	227,946	2.7%
Total liabilities and stockholders' equity	\$46,069,431	\$42,489,778	3,579,653	8.4%

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 revenues	5,614,366	5,267,537	346,829	6.6%	18,117,181	17,543,729	573,452	3.3%
Cost of sales	(3,262,771)	(3,297,276)	34,505	1.0%	(10,102,303)	(9,724,395)	(377,908)	(3.9%)
Gross profit	<u>2,351,595</u>	<u>1,970,261</u>	<u>381,334</u>	<u>19.4%</u>	<u>8,014,878</u>	<u>7,819,334</u>	<u>195,544</u>	<u>2.5%</u>
Selling & administrative expenses	(1,987,719)	(1,993,914)	6,195	0.3%	(7,103,795)	(7,050,605)	(53,190)	(0.8%)
Other Income, net	10,013	110,134	(100,121)	(90.9%)	304,433	225,519	78,914	35.0%
Operating profit	<u>373,889</u>	<u>86,481</u>	<u>287,408</u>	<u>332.3%</u>	<u>1,215,516</u>	<u>994,248</u>	<u>221,268</u>	<u>22.3%</u>
Financial income	7,682	93,320	(85,638)	(91.8%)	290,563	379,615	(89,052)	(23.5%)
Financial expenses	(297,553)	(260,166)	(37,387)	(14.4%)	(1,102,814)	(926,800)	(176,014)	(19.0%)
FX gain & losses, net	(212,430)	(195,038)	(17,392)	(8.9%)	152,190	(547,689)	699,879	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>(128,412)</u>	<u>(275,403)</u>	<u>146,991</u>	<u>53.4%</u>	<u>555,456</u>	<u>(100,627)</u>	<u>656,083</u>	<u>651.9%</u>
Income tax	(405,167)	176,350	(581,517)	(329.8%)	(367,766)	446,701	(814,467)	(182.3%)
Consolidated net income (loss)	<u>(533,579)</u>	<u>(99,053)</u>	<u>(434,526)</u>	<u>(438.7%)</u>	<u>187,690</u>	<u>346,074</u>	<u>(158,384)</u>	<u>(45.8%)</u>
Controlling interest	<u>(463,126)</u>	<u>(97,782)</u>	<u>(365,344)</u>	<u>(373.6%)</u>	<u>256,372</u>	<u>343,947</u>	<u>(87,575)</u>	<u>(25.5%)</u>
Non-controlling interest	<u>(70,453)</u>	<u>(1,271)</u>	<u>(69,182)</u>	<u>(5,443.1%)</u>	<u>(68,682)</u>	<u>2,127</u>	<u>(70,809)</u>	<u>(3,329.1%)</u>
Consolidated net income (loss)	<u>(533,579)</u>	<u>(99,053)</u>	<u>(434,526)</u>	<u>(438.7%)</u>	<u>187,690</u>	<u>346,074</u>	<u>(158,384)</u>	<u>(45.8%)</u>

Earnings Release 4Q17



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

Consolidated statement of cash flows
Thousands of Mexican Pesos

	2017	2016
Operating activities		
Profit before income tax	555,456	(100,627)
Depreciation and amortization	412,881	416,933
Allowance for doubtful receivables	1,576,550	1,692,509
Loss on sale of property, leasehold improvements, furniture & equipment	(239,947)	(22,131)
Estimated liabilities for labor benefits	72,803	23,686
Interest income	(19,080)	(7,711)
Interest accrued on collection rights with related parties	(271,483)	(371,906)
Interest expenses	1,102,815	926,802
Interest paid on bank deposits	1,376,007	844,184
Exchange gain and losses, net	(195,173)	1,056,930
Net cash flows from operating activities before variations in working capital	<u>\$4,370,829</u>	<u>\$4,458,669</u>
Clients	(5,221,045)	(5,707,475)
Inventories	78,562	(101,285)
Trade receivables	(269,786)	124,552
Suppliers	140,944	(271,628)
Other accounts payable	(317,280)	117,501
Income tax paid	(106,970)	(59,860)
Demand deposits and time deposits	3,874,372	2,684,987
Interest to bank depositors	(1,319,121)	(825,094)
Net cash flows from operating activities	<u>\$1,230,505</u>	<u>\$420,367</u>
Investing activities		
Acquisition of property, leasehold improvements, furniture and equipment	(97,265)	(150,313)
Acquisition of intangible assets	(10,500)	(19,522)
Proceeds from sale of property, furniture and equipment	302,190	27,091
Interest received	19,081	7,711
Net cash flow used in investing activities	<u>\$213,506</u>	<u>(\$135,033)</u>
Financing activities		
Interest paid	(994,573)	(932,620)
Proceeds from current and non-current debt and bank loans	4,582,698	3,721,275
Payments of current and non-current debt and bank loans	(5,147,280)	(3,784,162)
Increase in capital stock and additional paid-in capital of the non-controlling interests	244,500	-
Capital stock of the non-controlling interests	54,996	-
Additional paid-in capital of the non-controlling interest	189,504	-
Resale Share (repurchase), net	10,787	(1,748)
Net cash flow from financing activities	<u>(\$1,303,868)</u>	<u>(\$997,255)</u>
Increase (decrease) in net cash and cash equivalents	140,143	(711,921)
Adjustments to cash flow as a result of changes in exchange rates	(604)	21,176
Cash and cash equivalents at the beginning of the period	1,503,578	2,194,323
Cash and cash equivalents at the end of the period	<u>\$1,643,117</u>	<u>\$1,503,578</u>

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.