EARNINGS RELEASE 1Q17

Monterrey, Mexico, May 3, 2017. – Grupo Famsa, S.A.B. de C.V. (BMV: GFAMSA), a leading Mexican commercial conglomerate in the retail, consumer credit and savings sectors, announced today its earnings results for the first quarter 2017. The preliminary, unaudited financial statements presented in this report have been prepared in accordance with IFRS and the interpretations in effect as of March 31, 2017. Figures are expressed in millions of current, nominal Mexican pesos, unless otherwise stated.

Recent Developments

- In relation to the guaranty trust, to this date, the corresponding instruments have been enhanced and significant progress has been made in the monetization of the contributed assets: i) Banco del Bajio was selected as Trustee; ii) 20 properties with a combined value of Ps.2,006 million were contributed to the trust (formally established on April 20, 2017); iii) sell transactions of 10 properties located in the states of San Luis Potosi, Edo. Mex., Tamaulipas, Chihuahua and Nuevo Leon were completed, amounting to Ps.827 million; and, iv) the remaining properties (25), with a combined value of Ps.2,258 million, are currently in a sales process, for which a significant advancement in their monetization is expected as of June 30, 2017.
- S&P reported, on March 23, 2017, the upgrade of Banco Famsa's stand-alone credit profile to 'BB-' from 'B-'. In addition, the agency affirmed the Bank's global scale rating ("B") and their short ("mxBBB-") and long-term ("BB-") national scales ratings, respectively; following the improvement of Banco Famsa's asset quality indicators, derived from the enhancement of origination and collection standards, and the increasing participation of payroll credits. The rating outlook was set as "Stable".

Financial Highlights

Grupo Famsa	Grupo Famsa's Consolidated Net Sales increased by 3.6% YoY in 1Q17 Consolidated EBITDA as of March 31, 2017, was Ps.416 million
Famsa Mexico	Famsa Mexico's SSS increased 6.0% YoY in 1Q17 The contribution of Motorcycles (+12.2%) and Appliances (+9.0%) stood out in the sales mix during 1Q17
Banco Famsa	The Non-Performing Loans ratio (NPL) remained at 8.5% in 1Q17, in line with 4Q16 The continuous growth of Bank Deposits reflects solid stability, amounting to Ps.21,675 million during the quarter
Famsa USA	Famsa USA's Net Sales in MXP decreased 13.3% YoY in 1Q17 The prevailing uncertainty environment of the Hispanic market had a negative impact on Famsa USA´s revenue generation

Consolidated Results

	1Q17	1Q16	Δ%
Net Sales	3,979	3,840	3.6%
Cost of Sales	(2,074)	(1,968)	(5.4%)
Gross Profit	1,905	1,871	1.8%
Operating Expenses	(1,635)	(1,606)	(1.8%)
Other Income (Expenses), net	37	26	42.5%
Operating Profit	307	291	5.7%
EBITDA	416	419	(0.7%)
Net Income	326	158	105.9%
Gross Margin	47.9%	48.7%	-
EBITDA Margin	10.5%	10.9%	-
Net Margin	8.2%	4.1%	-

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MESSAGE FROM THE CEO

In relation to the indebtedness of Grupo Famsa as of March 31, 2017, the Company has decreased by 9.1% its MXP denominated bank debt vs. year-end 2016. Additionally, it has amortized its outstanding balance in debt certificates by 12.5% (MXP denominated) as of 1Q17. Nevertheless, if considering the May 4th, 2017 amortization of the second capital amortization of GFAMSA16´s issuance totaling Ps.166.6 million, the due balance in debt certificates will reach Ps.1,554 million, equivalent to a 20.9% balance reduction vs. year-end, 2016.

In parallel, regarding the contributed assets monetization announced on February this year: a) a Guarantee Trust was duly established on April 2017, to which 20 properties were contributed, with an estimated commercial value of Ps.2,006 million, appointing Famsa Mexico as its trustee; b) 10 properties were sold, obtaining Ps.827 million proceeds; and, c) the remaining properties (25), with a combined commercial value of Ps.2,258 million, are in sales process as well, and is expected a significant advancement in their monetization as of June 30, 2017. If any of these properties would not be able to be monetized, will be contributed to the Guarantee Trust, thus amortizing the account receivables balance with related parties.

As of the close of the first quarter 2017, Grupo Famsa posted positive results in its Consolidated Net Sales, rising by 3.6% YoY, amid a challenging environment. Operations in Mexico were the main driver behind these performance, recording a 6.4% YoY growth in Net Sales, in line with our 2017 Guide estimates. This outcome was mainly driven by the origination of Personal Loans, as well as the sales volume accomplished by Motorcycles and Appliances during the quarter. In contrast, Net Sales in the U.S. declined by 13.3% YoY following the political uncertainty associated to the Hispanic market prevailing in the country since its recent presidential elections.

In the operating front, the Company has moved forward with determination regarding diverse initiatives pursuing a more efficient structure: a) there was a selective closure of 3 stores, 5 banking branches and 9 non-banking branches, and in the US 2 branches of personal loans, which did not meet the established profitability parameters; b) a closing schedule for the rest of the year was determined, involving 8 stores, 7 bank branches, and 10 pawnshops in Mexico, as well as 3 stores in the United States; and, c) selective staff reductions were carried out as of March 31, 2017, executing a 2,035 headcount decline (-10.5%) YoY. The Company emphasizes the staff downsizing will have a greater impact in P&L over the next months. In addition, Grupo Famsa continued to enhance its credit portfolio with the participation of clients from the formal sector of the economy, expanding from 62% in 1Q16 to 64% in 1Q17, thus continuing the path of improvement of its consolidated credit portfolio risk profile.

In this context, as a result of non-recurring expenses due to severances in the amount of Ps.21 million, the consolidated EBITDA of 1Q17 amounted to Ps.416 million, practically in line with that of 1Q16. Excluding the effects of these expenses, consolidated EBITDA would have grown by 4.3% YoY, thus seeking to attain greater margins, to get a substantial improvement in Grupo Famsa´s profitability.

In Banco Famsa, we executed a significant expansion of 16.5% YoY in the balance of Bank Deposits as of March 31, 2017. Furthermore, the IMOR remained in line with 4Q16 at 8.5% and 20 base points below 1Q16; anticipating the advancement of its downward tendency following the strengthening of origination and collection processes.

Regarding Famsa USA, we continued adjusting the operating structure of this business unit to its current lower level of revenue, pursuing to maintain the contribution margins in the United States. This derives from the high uncertainty environment prevailing in that country, which has generated a lower demand in our target market.

Despite the challenges, the 1Q17 results encourage us to continue advancing in our strategic initiatives, which we expect to lead to better performance in the coming quarters, even in the prevailing context of higher inflation and interest rates in Mexico, and of higher uncertainty in the United States. To conclude, Grupo Famsa is focused in the deployment of an aggressive sales and collection strategy, with low and in-control levels of delinquency, and in deleveraging the Company in a significant manner along the following months, tapping into the proceeds' use from monetized assets.

Humberto Garza Valdez,
Chief Executive Officer

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Business Segments

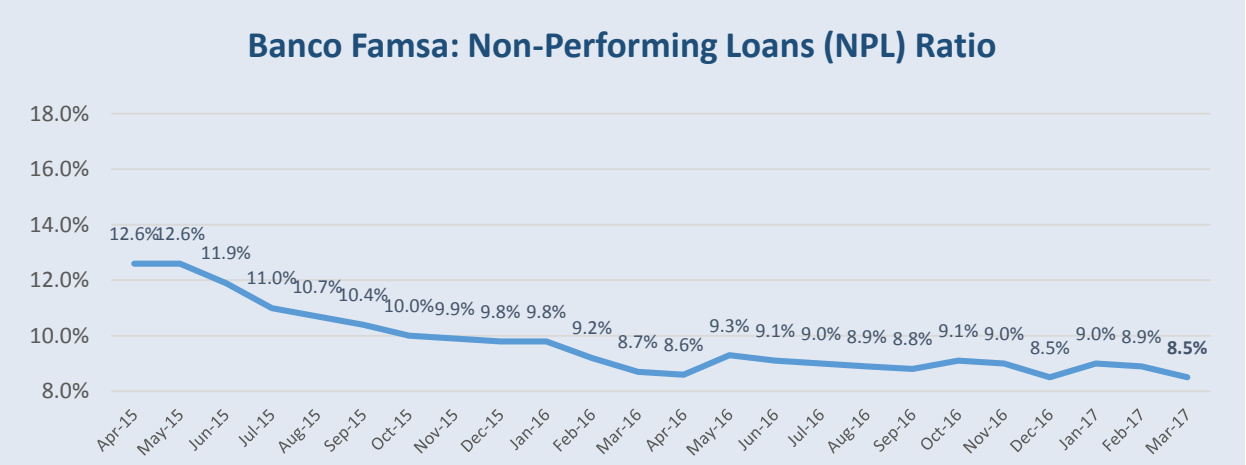
Famsa Mexico

During the first quarter of 2017, Net Sales and SSS increased by 6.4% and 6.0%, respectively. The best performing categories in the period were: Personal Loans (+59.7% YoY), Seasonal Goods (+13.0% YoY), Motorcycles (+12.2% YoY), and Appliances (+9.0% YoY), following the drive generated by advertising campaigns, such as "Es Ahorra o Nunca" and "Credito de Verdad", which stimulated demand in these categories and contributed to displace products, with little inventory or in liquidation, on the sales floor. Noteworthy was the 25.0% YoY decline of Electronics revenue, which followed a high comparison base since 1Q16 performance was supported by the analogue switch-off, which benefited the segment served by Famsa Mexico, and allowed to boost sales of flat screens.

Banco Famsa

In Banco Famsa, we conducted intense marketing campaigns to attract new clients, both in origination of consumer credits and collection of savings of wealth management, by taking advantage of our products portfolio and enhancing the participation of clients from the formal economy.

During 1Q17, the NPL ratio decreased 20 bps. vs. 1Q16, and remained in line with 4Q16, closing at 8.5%, thus demonstrating its resilience to adverse environments. On the other hand, we continue to improve the profile of our credit base, of which more than 64% of personal loans clients belong to the formal economy; contributing to the solid quality of our assets.



Source: Banco Famsa

At quarter-end, Bank Deposits, distributed over 2.1 million accounts, totaled Ps.21,675 million, an increase of 16.5% YoY. It is important to note the average cost of funding remained at a competitive level of 5.0%, with an average duration of 174 days, which is 50 bps and 90 bps higher than those recorded in 4Q16 and 1Q16, respectively, but increasing in a lower proportion than the TIIE (Spanish acronym for the Mexican Interbank Interest Rate), which has increased 261 bps. since 1Q16 and 57 bps. during the first quarter of 2017.

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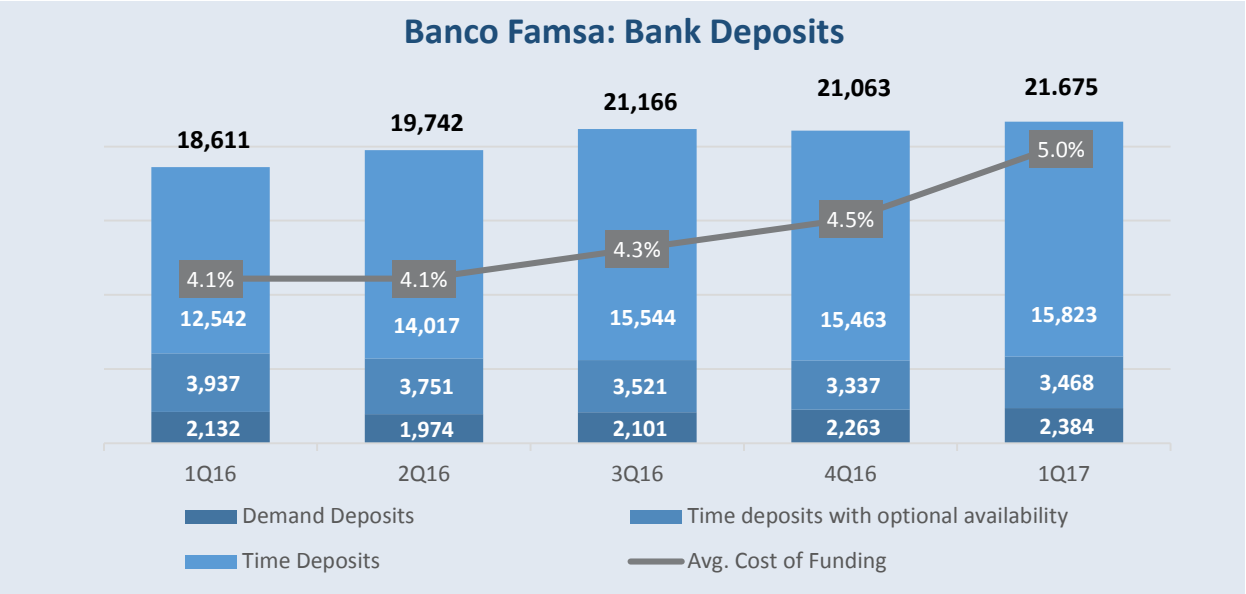
As of the close of 1Q17, Bank Deposits represented 70.2% of Grupo Famsa's source of funding. Meanwhile Interest on Bank Deposits totaled Ps.278 million in 1Q17, 46.1% higher than those recorded in 1Q16, due to the rise in the interest rate and balance of deposits.



Source: Banco Famsa

Famsa USA

In 1Q17, Net Sales (USD) decreased by 24.1% YoY following a weak demand, amid the current uncertainty on the immigration status of the US Hispanic population, which derived from the policies of the new Administration in that country. This has led our target market to delay its consumption and/or use of credit; waiting for clearer signals on the matter.

The weak demand was partially offset by a higher exchange rate, albeit to a lesser extent than in previous periods, following the recent appreciation of the MXP against the USD. Meanwhile, Net Sales, expressed in MXP, decreased by 13.3% YoY.

Under this challenging context, we continue to move forward with: i) higher efforts to reach an expanded market, by executing a new media strategy this quarter, which included the participation of brand ambassadors, and social media campaigns conducted in English, aimed to attract new clients; ii) the adjustment of the costs and operational expenses structure in line with the current level of sales; and, iii) an enhanced offer based on complementary products and services with no inventory requirement. We anticipate these initiatives would contribute to foster demand, as well as improve Famsa USA's profit margins.

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Business Units

To ease the interpretation of Grupo Famsa's business unit results, the following breakdown of our network of stores and bank branches is presented.

Retail Stores & Banking	Business Units						Floor Space (m²)		
	1Q17	Openings	Closures	4Q16	1Q16	Δ% YoY	1Q17	1Q16	Δ% YoY
Total	**868**	**1**	**19**	**886**	**920**	**(5.7%)**	**561,551**	**566,686**	**(0.9%)**
Stores	429	**0**	5	434	431	(0.5%)	518,810	519,613	(0.2%)
Famsa Mexico	377	**0**	3	380	377	0.0%	448,784	449,029	(0.1%)
Famsa USA	26	**0**	0	26	26	0.0%	66,434	66,434	0.0%
PL USA Branches	26	**0**	2	28	28	(7.1%)	3,592	4,150	(13.4%)
Banking Branches[1]	395	**1**	5	399	401	(1.5%)	39,844	40,941	(2.7%)
To be Conv. Bches.[2]	44	**0**	9	53	88	(50.0%)	2,897	6,133	(52.8%)

(1) Most banking branches are located within Famsa Mexico stores
(2) Acquisition of branches from Monte de Mexico, S.A. de C.V.

1Q17 CAPEX was exclusively geared towards the maintenance of our store network, as was previously announced. It is important to emphasize the Company does not foresee to open any new stores or bank branches along 2017, however, we had a banking branch in queue during 2016, which was finally open at early 2017. Additionally, based on a detailed profitability analysis, the Company decided to carry out the selective closing of 19 business units: 3 stores, 5 banking branches, 9 non-banking branches and 2 personal loans branches in the United States. We have in queue for closing in the following quarters: 8 stores, 7 banking branches, 10 non-banking branches and 3 stores in the United States.

Consolidated Financial Results

Net sales

Segment	Net sales			Same Store Sales (SSS)	
	1Q17	1Q16	Δ%	1Q17	1Q16
Grupo Famsa[1]	3,979	3,840	3.6%	2.3%	10.7%
Famsa Mexico[2]	3,460	3,250	6.4%	6.0%	10.0%
Famsa USA[3]	487	562	(13.3%)	(24.1%)	(3.9%)
Other	242	231	4.7%	-	-
Intercompany	(210)	(204)	(2.9%)	-	-

(1) Includes sales of non-retail businesses
(2) Includes Banco Famsa
(3) SSS calculated in US dollars, excluding foreign exchange rate effects

Consolidated Net Sales for 1Q17 totaled Ps.3,979 million, recording a stable growth of 3.6% YoY, following a positive performance in Mexico that trended above Guidance (+5.2%), but offset by a weak demand in Famsa USA. Similarly, SSS in Mexico grew by 6.0% YoY, meanwhile SSS decreased by 24.1% in the United States (USD)

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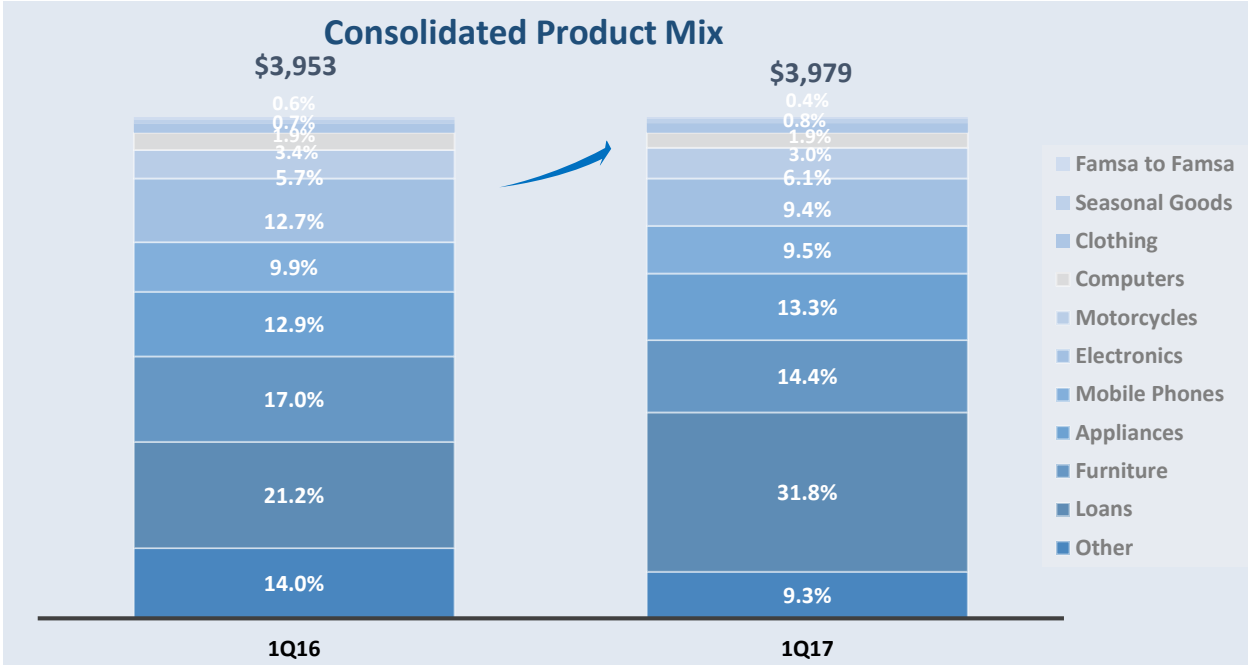

Cost of Sales

1Q17 Consolidated Cost of Sales amounted to Ps.2,074 million, increasing by 5.4% when compared to the Ps.1,968 million in 1Q16. 83% out of this variation derives from a higher Interest on Bank Deposits as the base expanded.

Gross Profit

1Q17 Consolidated Gross Profit was Ps.1,905 million, an increase of 1.8% compared to 1Q16. This result is mainly explained by the annual growth of Interest on Bank Deposits, which represented 5.0% and 7.0% of Net Sales in 1Q16 and 1Q17, respectively. Gross profit margin was 47.9% for 1Q17, vs. 48.7% in 1Q16.

Operating Expenses

Consolidated Operating Expenses (sales and administrative expenses) increased by 1.8% YoY, amounting to Ps.1,635 million, compared to the Ps.1,606 million in 1Q16. It is important to highlight that during the quarter we recognized non-recurring charges of Ps.21 million corresponding to the severance payments associated with the continuation of our organizational restructuring. During the first quarter of 2017, 282 staff positions were reduced, resulting in a decline of over 2,000 employees in the last twelve months.

	1Q17	1Q16	Δ%
Employees	17,385	19,420	(10.5%)
Famsa Mexico	16,830	18,715	(10.1%)
Famsa USA	555	705	(21.3%)

Excluding non-recurring charges of Ps.21 million, Operating Expenses would have increased by 0.5%.

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EBITDA

Segment	EBITDA			% EBITDA	
	1Q17	1Q16	Δ%	1Q17	1Q16
Grupo Famsa[1]	416	419	(0.7%)	10.5%	10.9%
Famsa Mexico[2]	428	379	13.0%	12.4%	11.7%
Famsa USA	(11)	44	(125.2%)	(2.3%)	7.9%
Other	0	(4)	(104.0%)	-	-
Intercompany	(1)	0	-	-	-

(1) Includes EBITDA from non-retail business
(2) Includes Banco Famsa

1Q17 Consolidated EBITDA closed at Ps.416 million, almost in line vs. 1Q16, starting to post an underlying improvement, since by excluding non-recurring expenses it would have reached an increase of 4.3% YoY. We expect to continue strengthening this line quarter over quarter; following our initiatives to reduce expenses.

Financial Expenses, net

	1Q17	1Q16	Δ%
Interest income	94	95	(1.3%)
Interest expenses	(260)	(216)	20.6%
Exchange gain & losses, net	248	(46)	640.0%
Total	**82**	**(167)**	**149.2%**

1Q17 Consolidated Financial Expenses increased 149.2% YoY, reaching Ps.82 million. During the quarter, a net Fx gain of Ps.248 million was recorded, compared with the Ps.46 million FX loss in 1Q16, as a result of the 9.3% appreciation of the MXP against the USD this quarter, which generated a mark-to-market positive effect on our dollar-denominated debt. Similarly, Interest Expenses reflected an increase of 20.6% YoY, in line with the increase of the TIIE (261 bps.).

Net Income

1Q17 Consolidated Net Income was Ps.326 million, representing an increase of 105.9% when compared to the Ps.158 million in 1Q16, driven by: i) an FX gain of Ps.248 million, as a result of the appreciation of the MXP against the USD during 1Q7; and, ii) the 5.7% YoY increase in gross profit during the period.

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Financial Position Summary

Key Items	1Q17	4Q16	Δ%
Trade Receivables, net	26,581	25,893	2.7%
Mexico Consumer	20,372	19,583	4.0%
Mexico Commercial	4,021	3,691	8.9%
USA Consumer	2,188	2,619	(16.5%)
Inventory	2,418	2,583	(6.4%)

Trade Receivables

As of March 31, 2017, the consolidated balance of Trade Receivables, net of allowances for doubtful receivables, was Ps.26,581 million, 2.7% higher than the figure recorded as of December 31, 2016. With regard to the origination of the consolidated commercial portfolio in Mexico increased by 8.9% in 1Q17, totaling Ps.4,021 million. Similarly, the consumer portfolio in Mexico grew Ps.789 million, 4.0% above its balance on December 2016, reaching Ps.20,372 million, mainly following the payroll credit origination. Finally, in 1Q17 the consumer portfolio in the United States decreased by 16.5% vs. 2016, following the recent appreciation of the MXP.

Debt

Debt Ratios	1Q17	4Q16	Δ%
Net Debt	8,141	8,497	(4.2%)
Gross Debt	9,215	10,001	(7.9%)
Interest Coverage Ratio	1.6	1.8	-

Net Debt as of March 31, 2017, totaled Ps.8,141 million, 4.2% below YoY. This decrease primarily reflects: i) the effects of the appreciation of the MXP vs. the USD in 1Q17, which is partially offset by a reduction of 28.5% in cash and equivalents, from Ps.1,504 million in 4Q16 to Ps.1,075 million this quarter, and ii) the payment of short-term debt with proceeds obtained from the assets monetized to this date. Additionally, the balance of gross debt, at March 31, 2017, excluding bank deposits, decreased from 7.9% vs. 4Q16.

The decline in cash and equivalents was mainly driven by the increase in payroll credit origination.

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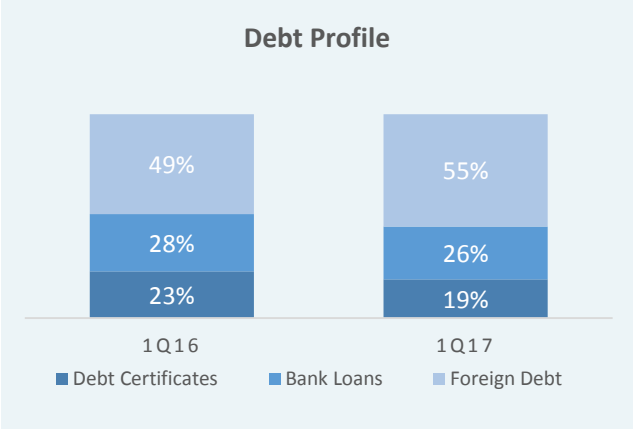
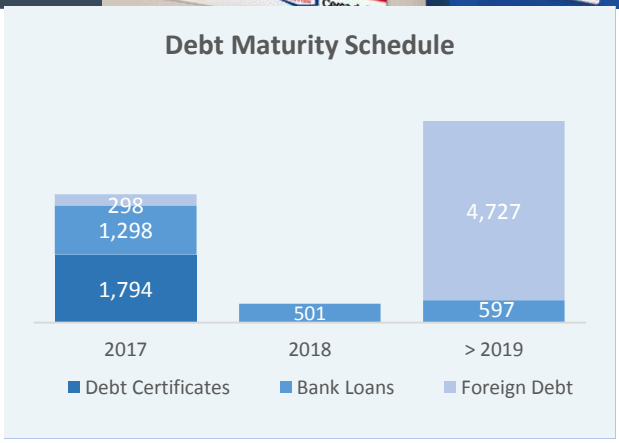
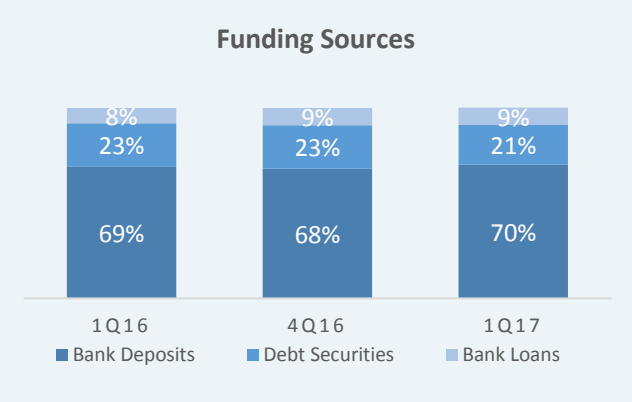
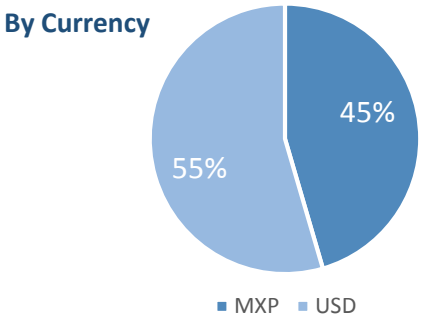


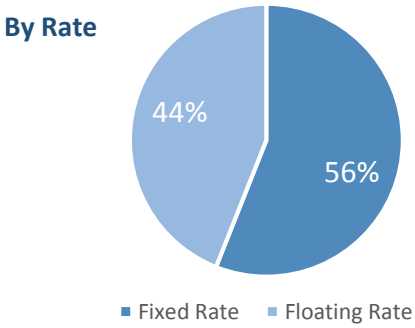




Gross Debt as of March 31, 2017, was composed as follows:

Debt Composition	Short-term	%	Long-term	%	Total	%
Bank Loans	1,808	50.2%	964	17.2%	2,772	30.1%
Debt Securities	1,794	49.8%	4,649	82.8%	6,443	69.9%
	3,602	**100%**	**5,613**	**100%**	**9,215**	**100%**





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Shareholders' Equity

Shareholders' Equity as of March 31, 2017, amounted to Ps.8,493 million, increasing by 2.1% compared with the balance registered as of December 31, 2016, mainly in line with the growth of retained earnings.

It is worth noting that, during 2016, the management of the Company carried out the evaluation of its consolidated loan portfolio and its corresponding allowance for doubtful accounts. In addition, given the current economic context of uncertainty and volatility, the Company's management applied certain adjustments to its estimation methodology of the allowance for loan losses, seeking to be more conservative in its recovery criteria on receivables. As a result, Grupo Famsa recorded a credit of Ps.728 million in the allowance for doubtful accounts as of December 31, 2016, with a debit to retained earnings from previous years, net of deferred taxes, amounting to Ps.218 million. The net effect of this adjustment on retained earnings was Ps.509 million during 2016.

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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: BBVA Bancomer, GBM and Vector. 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.

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Consolidated Financial Statements

Grupo Famsa, S.A.B. de C.V. and subsidiaries
Consolidated statements of financial position
Thousands of Mexican Pesos

	31-mar-17	31-dec-16	Δ$	Δ%
Assets				
CURRENT ASSETS:				
Cash and equivalents	1,074,833	1,503,578	(428,745)	(28.5%)
Trade receivables, net	23,319,382	22,773,269	546,113	2.4%
Rights to collect from related parties	1,316,051	1,800,000	(483,949)	(26.9%)
Recoverable taxes	718,706	602,327	116,379	19.3%
Other accounts receivable	1,888,135	1,741,649	146,486	8.4%
Inventories	2,418,758	2,583,092	(164,334)	(6.4%)
Total current assets	**$30,735,865**	**$31,003,915**	**($268,050)**	**(0.9%)**
NON-CURRENT ASSETS:				
Restricted cash	311,785	311,785	0	0.0%
Trade receivables, net	3,261,452	3,119,608	141,844	4.5%
Rights to collect from related parties	3,105,381	3,105,381	0	0%
Property, leasehold improvements, and furniture & equipment, net	1,738,772	1,880,989	(142,217)	(7.6%)
Goodwill and intangible assets, net	334,271	251,821	82,584	32.7%
Guarantee deposits	140,044	127,258	12,786	10.0%
Other assets	953,717	993,981	(40,264)	(4.1%)
Deferred income tax	1,564,432	1,695,040	(130,608)	(7.7%)
Total non-current assets	**11,409,854**	**11,485,863**	**(76,009)**	**(0.7%)**
Total assets	**$42,145,719**	**$42,489,778**	**($344,059)**	**(0.8%)**
Liabilities and Stockholders' equity				
CURRENT LIABILITIES:				
Demand deposits	18,529,071	17,274,090	1,254,981	7.3%
Short-term debt	3,602,239	4,026,018	(423,779)	(10.5%)
Suppliers	1,238,242	1,373,372	(135,130)	(9.8%)
Accounts payable and accrued expenses	1,028,008	1,238,526	(210,518)	(17.0%)
Deferred income from guarantee sales	204,125	222,846	(18,721)	(8.4%)
Income tax payable	31,760	36,912	(5,152)	(14.0%)
Total current liabilities	**$24,633,445**	**24,171,764**	**461,681**	**1.9%**
NON-CURRENT LIABILITIES:				
Time-deposits	3,145,586	3,788,816	(643,230)	(17.0%)
Long-term debt	5,613,165	5,974,656	(361,491)	(6.1%)
Deferred income for guarantee sales	138,756	120,175	18,581	15.5%
Employee benefits	121,435	119,123	2,312	1.9%
Total non-current liabilities	**9,018,942**	**10,002,770**	**(384,488)**	**(3.4%)**
Total liabilities	**$33,652,387**	**$34,174,534**	**($522,147)**	**(1.5%)**
Stockholders' equity				
Capital stock	**1,703,997**	**1,703,847**	**150**	**0.0%**
Additional paid-in capital	3,811,844	3,810,052	1,792	0.0%
Retained earnings	1,975,230	1,631,283	343,947	21.1%
Net income	325,542	343,947	(18,405)	(5.4%)
Reserve for repurchase of shares	232,773	234,471	(1,698)	(0.7%)
Foreign currency translation adjustment	409,873	558,059	(148,186)	(26.6%)
Total stockholders' equity attributable to shareholders	**8,459,259**	**8,281,659**	**177,600**	**2.1%**
Non-controlling interest	34,073	33,585	488	1.5%
Total stockholders' equity	**$8,493,332**	**$8,315,244**	**$178,088**	**2.1%**
Total liabilities and stockholders' equity	**$42,145,719**	**$42,489,778**	**($344,059)**	**(0.8%)**

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Grupo Famsa, S.A.B. de C.V. and subsidiaries
Consolidated statement of income
Thousands of Mexican Pesos

	1Q17	1Q16	Δ$	Δ%
Total revenues	3,979,368	3,839,589	139,779	3.6%
Cost of sales	(2,073,966)	(1,968,493)	(105,473)	(5.4%)
Gross profit	**$1,905,402**	**$1,871,096**	**$34,306**	**1.8%**
Selling & administrative expenses	(1,634,567)	(1,606,011)	(28,556)	(1.8%)
Other Income, net	36,603	25,683	10,920	42.5%
Operating profit	**$307,438**	**$290,768**	**$16,670**	**5.7%**
Financial income	93,629	94,872	(1,243)	(1.3%)
Financial expenses	(260,032)	(215,584)	(44,448)	(20.6%)
FX gain & losses, net	248,496	(46,019)	294,515	640.0%
Financial expenses, net	82,093	(166,732)	248,825	149.2%
Profit before income tax	**$389,531**	**$124,036**	**$265,495**	**214.0%**
Income tax	(63,501)	34,301	(97,802)	(285.1%)
Consolidated net income	**$326,030**	**$158,337**	**$167,693**	**105.9%**
Controlling interest	325,542	156,607	168,935	107.9%
Non-controlling interest	488	1,730	(1,242)	(71.8%)
Consolidated net income	**$326,030**	**$158,337**	**$167,693**	**105.9%**

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Grupo Famsa, S.A.B. de C.V. and subsidiaries
Consolidated statement of cash flows
Thousands of Mexican Pesos

	1Q17	1Q16
Operating activities		
Profit before income tax	389,531	124,036
Depreciation and amortization	108,913	128,400
Allowance for doubtful receivables	286,612	289,640
Loss on sale of property, leasehold improvements, furniture & equipment	(10,472)	(491)
Estimated liabilities for labor benefits	21,234	11,812
Interest income	(93,629)	(94,872)
Interest expenses	538,366	406,079
Trade receivables	(397,644)	(1,343,798)
Inventories	164,334	(273,983)
Other accounts receivable	(373,764)	(405,818)
Suppliers	(113,352)	40,327
Accounts payable and accrued expenses	(309,303)	78,065
Income tax paid	(28,229)	(30,500)
Demand deposits and time deposits	616,543	252,145
Interest to bank depositors	(283,126)	(190,528)
Exchange gain and losses, net	(504,366)	6,947
Net cash flows from operating activities	**11,648**	**(1,002,539)**
Investing activities		
Acquisition of property, leasehold improvements, furniture and equipment	(24,706)	(37,434)
Acquisition of intangible assets	(511)	(1,096)
Proceeds from sale of furniture and equipment	45,487	1,815
Interest received	653	1,896
Net cash flow used in investing activities	**20,923**	**(34,819)**
Financing activities		
Interest paid	(173,116)	(144,022)
Proceeds from current and non-current debt and bank loans	448,929	822,356
Payments of current and non-current debt and bank loans	(742,474)	(665,430)
Share repurchase, net	244	(707)
Net cash flow from financing activities	**(466,417)**	**12,197**
Decrease in net cash and cash equivalents	(433,846)	(1,025,161)
Adjustments to cash flow as a result of changes in exchange rates	5,101	8,691
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	**$1,074,833**	**$1,177,853**

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.

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