

February 28, 2023

LIVEPOL

Quarterly Report

Growth continues, profitability surprises

- **Liverpool reported in line with our estimates, reflecting a good performance in all business segments and highlighting progress in profitability. Continues to consolidate digital strategies**
- **Positive outlook, despite a complex economic backdrop. FV/EBITDA valuation decreased to 5.5x and is below L5Y of 9.1x. Looking forward to Liverpool Day on March 9th**

Double-digit expansion across all formats, while positive Omnichannel results continue. Liverpool's figures maintain a positive growth trend as business lines drove profitability, reflecting a 12.7% y/y increase in revenues to MXN 63.2 billion. By formats, commercial sales increased 11.7% y/y to MXN 58.1 billion, mainly supported by a 12.5% y/y advance in Liverpool (+11.5% y/y in SSS), which registered an acceleration in Softline category and were supported by the opening of Liverpool Mitikah in Mexico City, while Suburbia grew 6.8% y/y (+1.7% y/y in SSS). In addition, Credit Division grew 28.8% y/y (+10.1% y/y rise in credit cards and +20.8% y/y in net portfolio). Digital channel increased from 21% in 3Q22 to 24.4% in 4Q22. Likewise, leasing revenues rose 12.3% y/y, reflecting a higher occupancy rate of 90.3% (+150bp). EBITDA reached MXN 11.9 billion (+14.1% y/y), registering a margin of 18.7% (+0.2pp), reflecting strong progress in all business lines, combined with operating efficiencies that offset increases in operating expenses, as a result of inflationary wage surge. Finally, net income amounted MXN 7.6 billion (10.4% y/y), in line with all-formats good performance. **Despite short-term economic challenges, we have positive expectations due to the company's strengths.** Going forward, although growth rates could be lower, we believe that the attractive valuation still does not reflect the good strategies and Omnichannel Consolidation. Looking ahead to further insights at Liverpool Day.

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BUY	
Current Price	\$112.05
PT	\$118.00
Dividend	\$1.56
Dividend Yield (%)e	1.4%
Upside Potential	6.7%
Max – Min LTM (\$)	119.5-87.0
Market Cap (US\$m)	8,525.8
Shares Outstanding (m)	1,342.2
Float	19.2%
Daily Turnover (\$ m)	49.0
Valuation metrics LTM	
FV/EBITDA	5.5x
P/E	8.7x
MSCI ESG Rating*	N.A.

Relative performance to MEXBOL
LTM



MXN, million	2020	2021	2022	2023E
Revenue	115,473	151,022	176,034	185,761
Operating Income	4,154	18,733	25,515	24,042
EBITDA	9,006	23,909	30,686	29,412
EBITDA Margin	7.8%	15.8%	17.4%	15.8%
Net Income	1,096	12,878	17,385	16,104
Net Margin	0.9%	8.5%	9.9%	8.7%
Total Assets	204,843	221,971	235,875	224,937
Cash	26,196	32,495	24,516	22,250
Total Liabilities	97,023	102,083	103,420	97,454
Debt	37,804	33,225	43,324	31,026
Common Equity	107,577	119,628	132,183	148,362

Source: Banorte

	2020	2021	2022	2023E
FV/EBITDA	15.0x	4.5x	5.5x	4.5x
P/E	N.A.	8.1x	8.7x	8.0x
P/BV	1.3x	1.0x	1.1x	0.9x
ROE	1.0%	10.8%	13.2%	10.9%
ROA	0.5%	5.8%	7.4%	7.2%
EBITDA/ Interest	8.8x	10.8x	13.8x	14.0x
Net Debt/EBITDA	1.1x	0.9x	0.6x	0.3x
Debt/Equity	0.4x	0.3x	0.3x	0.2x

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LIVEPOL –Results 4Q22

MXN million

Concept	4Q21	4Q22	Var %	4Q22e	Diff% vs Estim.
Revenue	56,069	63,173	12.7%	65,322	-3.3%
Operating Income	8,943	10,406	16.4%	10,491	-0.8%
Ebitda	10,331	11,785	14.1%	11,787	0.0%
Net Income	6,886	7,601	10.4%	7,131	6.6%
Margins					
Operating Margin	15.9%	16.5%	0.5pp	16.1%	0.4pp
Ebitda Margin	18.4%	18.7%	0.2pp	18.0%	0.6pp
Net Margin	12.3%	12.0%	-0.2pp	10.9%	1.1pp
EPS	\$5.13	\$5.66	>500%	\$5.31	6.6%

Income Statement (Million)					
Year	2021	2022	2022	Change	Change
Quarter	4	3	4	% y/y	% q/q
Net Revenue	56,068.7	38,054.0	63,172.8	12.7%	66.0%
Costs of goods sold	35,011.0	22,977.1	39,485.6	12.8%	71.8%
Gross profit	21,057.7	15,076.9	23,687.2	12.5%	57.1%
General expenses	12,114.8	10,170.3	13,281.2	9.6%	30.6%
Operating Income	8,942.9	4,906.5	10,406.0	16.4%	112.1%
Operating Margin	15.9%	12.9%	16.5%	0.5pp	3.6pp
Depreciation	1,388.4	1,282.1	1,379.0	-0.7%	7.6%
EBITDA	10,331.2	6,188.6	11,785.0	14.1%	90.4%
EBITDA Margin	18.4%	16.3%	18.7%	0.2pp	2.4pp
Interest Income (Expense) net	(697.7)	(756.3)	(756.5)	8.4%	0.0%
Interest expense	1,016.0	981.3	1,034.8	1.9%	5.5%
Interest income	354.5	449.5	434.4	22.5%	-3.3%
Other income (expense)				N.A.	N.A.
Foreign exchange gain (loss)	(36.3)	(224.5)	(156.1)	329.7%	-30.5%
Unconsolidated subsidiaries	130.0	113.4	1.5	-98.8%	-98.6%
Income before taxes	8,375.1	4,263.7	9,651.0	15.2%	126.4%
Income taxes	1,484.9	1,181.3	2,047.4	37.9%	73.3%
Discontinued operations					
Consolidated Net Income	6,890.2	3,082.4	7,603.7	10.4%	146.7%
Non-controlling interest	4.1	3.5	3.0	-26.9%	-15.2%
Net Income	6,886.1	3,078.8	7,600.7	10.4%	146.9%
Net Margin	12.3%	8.1%	12.0%	(0.2pp)	3.9pp
EPS	0.394	2.294	5.663	>500%	146.9%

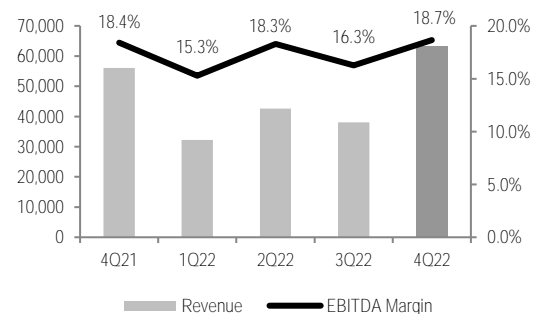
Balance Sheet (Million pesos)					
Total Current Assets	92,345.6	81,682.0	94,546.6	2.4%	15.7%
Cash & Short Term Investments	32,494.9	13,186.6	24,516.3	-24.6%	85.9%
Long Term Assets	129,625.1	136,713.3	141,328.4	9.0%	3.4%
Property, Plant & Equipment (Net)	52,573.6	54,286.1	55,552.9	5.7%	2.3%
Intangible Assets (Net)	8,398.5	8,005.9	8,053.0	-4.1%	0.6%
Total Assets	221,970.7	218,395.3	235,875.0	6.3%	8.0%
Current Liabilities	51,585.1	43,584.2	52,303.8	1.4%	20.0%
Short Term Debt	6,117.6	2,991.3	2,898.9	-52.6%	-3.1%
Accounts Payable	33,460.9	30,289.3	36,743.8	9.8%	21.3%
Long Term Liabilities	50,498.1	49,415.2	51,116.7	1.2%	3.4%
Long Term Debt	40,380.8	40,090.2	40,425.2	0.1%	0.8%
Total Liabilities	102,083.2	92,999.4	103,420.4	1.3%	11.2%
Common Stock	119,887.5	125,395.9	132,454.5	10.5%	5.6%
Non-controlling interest	259.5	268.8	271.7	4.7%	1.1%
Total Equity	119,628.0	125,127.1	132,182.8	10.5%	5.6%
Liabilities & Equity	221,970.7	218,395.3	235,875.0	6.3%	8.0%
Net Debt	14,003.5	29,894.9	18,807.8	34.3%	-37.1%

Cash Flow			
CF from Operating Activities	21,401.1	1,018.2	18,770.1
CF from Investing Activities	(6,068.5)	(10,591.1)	(14,769.6)
CF from Financing Activities	(13,637.4)	(9,326.8)	(11,816.5)
Change in Cash Balance	21,401.1	1,018.2	18,770.1

Source: Banorte, MSE

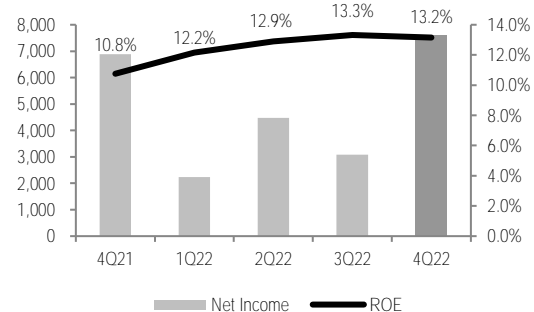
Revenue & EBITDA Margin

MXN, million



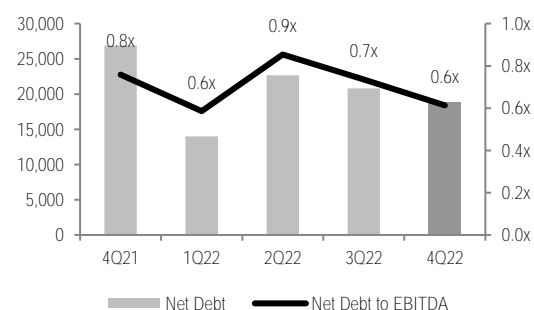
Net Income & ROE

MXN, million



Net Debt & Net Debt to EBITDA ratio

MXN, million



Certification of Analysts.

We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Manuel Jiménez Zaldívar, Marissa Garza Ostos, Katia Celina Goya Ostos, Francisco José Flores Serrano, José Luis García Casales, Víctor Hugo Cortes Castro, José Itzamna Espitia Hernández, Carlos Hernández García, Leslie Thalía Orozco Vélez, Hugo Armando Gómez Solís, Yazmín Selene Pérez Enríquez, Cintia Gisela Nava Roa, Miguel Alejandro Calvo Domínguez, Daniela Olea Suárez, José De Jesús Ramírez Martínez, Gerardo Daniel Valle Trujillo, Luis Leopoldo López Salinas, Isaías Rodríguez Sobrino, Paola Soto Leal, Daniel Sebastián Sosa Aguilar and Andrea Muñoz Sánchez, certify that the points of view expressed in this document are a faithful reflection of our personal opinion on the company (s) or firm (s) within this report, along with its affiliates and/or securities issued. Moreover, we also state that we have not received, nor receive, or will receive compensation other than that of Grupo Financiero Banorte S.A.B. of C.V. for the provision of our services.

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	Reference
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HOLD	When the share expected performance is similar to the MEXBOL estimated performance.
SELL	When the share expected performance is lower than the MEXBOL estimated performance.

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History of PT and Ratings

Stock	Date	Rating	PT
LIVPOL	10/18/22	BUY	\$118.00
LIVPOL	07/26/22	BUY	\$116.69
LIVPOL	04/29/22	BUY	\$113.97

MSCI ESG Rating scale

CCC	B	BB	BBB	A	AA	AAA
LAGGARD	AVERAGE			LEADER		

*The MSCI ESG Rating is an indicator that evaluates companies in Environment, Society and Governance (ESG) metrics.

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