



CreditRiskMonitor’s warning of Grupo Famsa S.A.B. de C.V.’s (“Grupo Famsa”) bankruptcy risk was determined by a combination of factors:

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1. Grupo Famsa is headquartered in the northeastern state of Nuevo León, Mexico and filed for Chapter 11 bankruptcy protection in the U.S. Bankruptcy Court for the Southern District of New York (Manhattan).

# MONTHLY AVERAGE FRISK® SCORE

CreditRiskMonitor's FRISK® score had been warning of financial stress at Grupo Famsa (MXK: GFAMSA) for more than a year.

The company ultimately filed for bankruptcy on June 26, 2020.

Working capital deficit widens from \$5 billion to more than \$7.5 billion as current loans and trade payables sharply increased.

Grupo Famsa announced a exchange offer proposal to swap its 2020 senior notes to senior secured notes with a 2024 maturity date.

Fitch Ratings downgrades Famsa to uncured payment default status on its 2020 senior notes, and it would later file for bankruptcy.

Business Name	2019							2020					
	J	J	A	S	O	N	D	J	F	M	A	M	J
Grupo Famsa SAB de CV	1	1	1	1	1	1	1	1	1	1	1	1	1

**BANKRUPT!**

Fitch Ratings affirms B- credit rating, a highly speculative category, and switched the outlook from positive to stable.

Severe Mexican Peso currency depreciation from the coronavirus pandemic eliminates refinancing prospects.

The FRISK® score is 96% accurate<sup>2</sup> in predicting the risk of corporate failure/bankruptcy over a 12-month horizon. All FRISK® scores are recalculated every night for each subsequent 12-month period.

FRISK® SCORE: PROBABILITY OF BANKRUPTCY WITHIN 12 MONTHS

	FRISK®	FROM	TO
BEST	10	0.00%	0.12%
	9	0.12%	0.27%
	8	0.27%	0.34%
	7	0.34%	0.55%
WORST	6	0.55%	0.87%
	5	0.87%	1.40%
	4	1.40%	2.10%
	3	2.10%	4.00%
	2	4.00%	9.99%
	1	9.99%	50.00%

While the risk of bankruptcy varies at each FRISK® score, 96% of public companies that eventually go bankrupt enter the FRISK® "red zone" prior to filing. A FRISK® score of 5 or less is an important warning sign.

2. FRISK® score accuracy of 96% is based on backtesting of U.S. public companies; results may vary by country.

## THE FRISK® SCORE COMPONENTS

At the core of the CreditRiskMonitor® process is our 96% accurate FRISK® score, which indicates a company's level of financial stress on a scale of 1 to 10, based on the probability of bankruptcy over a 12-month horizon. When available, the FRISK® score incorporates a number of powerful risk indicators including:

A “Merton” type model using stock market capitalization and volatility

Financial ratios, including those used in the Altman Z”-Score Model

Bond agency ratings from Moody’s, Fitch, & DBRS Morningstar

## Crowdsourced CreditRiskMonitor® Usage Data

[Crowdsourcing](#) has enhanced the accuracy and timeliness of the FRISK® score. We collect and analyze data patterns from thousands of CreditRiskMonitor® subscribers, including professionals from more than 35% of the Fortune 1000 and other large corporations worldwide.

**The crowdsourcing advantage is even more powerful in our FRISK® score since many of the professionals who use our service are credit managers:**

- Credit managers control one of the largest sources of working capital going into a company
- They are not held to the same “Fair Disclosure” restrictions that prevent non-disclosed information sharing on public companies
- Credit managers use a variety of non-public information sources such as their own company’s management and sales representatives to be alerted to concerns in a public company’s performance
- It is commonly known credit managers confidentially share information with other credit managers, thus collectively, their behavior helps to provide advanced insight to financial problems in public companies

[Read more in Credit Research Foundation’s quarterly journal article, “Assessing Public Company Financial Risk by Crowdsourcing the Research of Credit Professionals”](#)

# COMPANY REPORT DETAIL

## Grupo Famsa, S.A.B. de C.V.

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Unidad A., Zona Centro

Phone: +52 8183893400

Monterrey, Nuevo Leon 64000 Mexico

Ticker: GFAMSA

**Filed for Bankruptcy on 6/26/2020**  
Case #20-11505, filed in the U.S. Bankruptcy Court for the Southern District of New York (Manhattan)

Latest Financial Statements as of 3/31/2020

### Business Summary

Grupo Famsa, S.A.B. de C.V. is a Mexico-based holding company primarily engaged in retail sector. The Company owns and operates a network of Famsa Mexico department stores located in Mexican cities, as well as Famsa USA stores established in the United States. Via its retail network, the Company is active in the import, distribution and sale of household appliances, furniture and consumer electronics, among others. Through Banco Ahorro Famsa SA Institucion de Banca Multiple, the Company is also involved in the provision of a variety of banking and sales financing services to its retail customers.

Employees: 19,114 (as of 3/31/2020)

Incorporated: 3/11/1980

### Credit Score History

[Why are these scores different?](#)

### FRISK® Score Analysis

Score/ Index	2019						2020						
	J	J	A	S	O	N	D	J	F	M	A	M	J
FRISK® Score*	1	1	1	1	1	1	1	1	1	1	1	1	1
DBT Index	7	7	7	7	6	6	6	4	6	5	5	8	DBT
Z <sup>-</sup> Score	-0.33	-0.64			-0.37			-0.2				-0.15	

\* FRISK® Scores are month-end

- Probability of bankruptcy within 12 months is 10% to 50%.
- Trade payments are prompt, "cloaking" the risk.
- Bonds are rated as non-investment grade ("junk").
- Market Capitalization is low over the past 12 months.
- Total Debt is high relative to market capitalization.

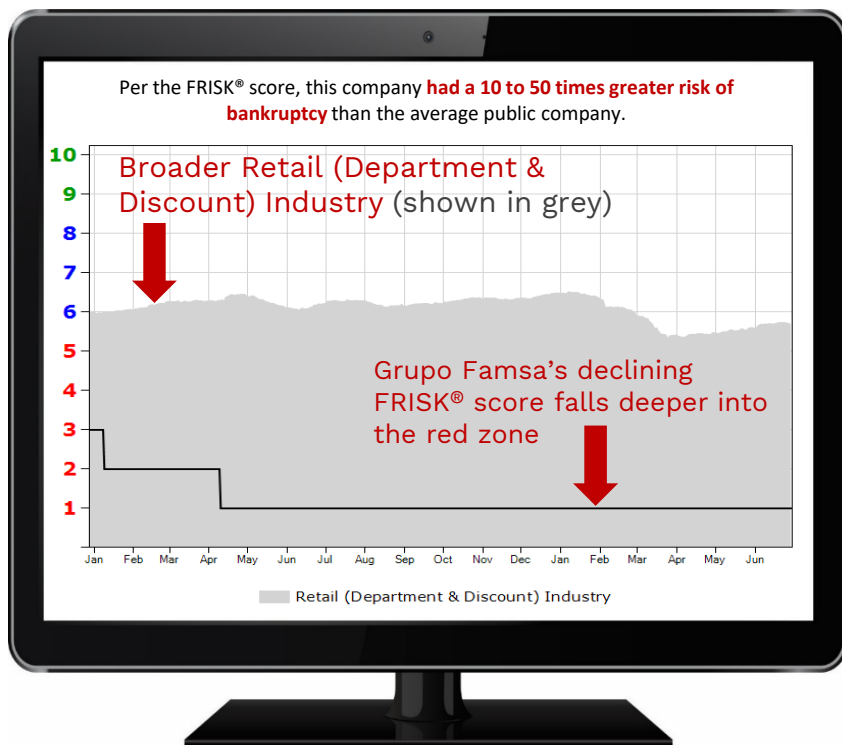
The FRISK® score is a 96% accurate method by which to monitor public company bankruptcy risk.

Payment performance, captured by the Days Beyond Terms (DBT) index, which is very similar to D&B's PAYDEX® score, is not an effective indicator of financial stress for publicly traded companies since they often continue to pay on time right up until their bankruptcy filing. This is what's commonly called the "Cloaking Effect."

### Agency Credit Ratings

Rating Agency	Long Term Rating	Outlook	Short Term Rating
Fitch	RD		RD (mex)

## FRISK® DEEP DIVE



The FRISK® score relative to the broader Retail (Department & Discount) industry raised an additional red flag signaling heightened risk relative to peers, as well...

**MAKING IMMEDIATE ATTENTION REQUIRED.**

One of the inputs of the FRISK® score is a company's market cap volatility, adjusted for dividends, over the course of a year. Incorporating this information allows us to capture the "wisdom of markets" on a daily basis. This ensures our subscribers are getting the most up to date view of the risks they face since stocks tend to be more liquid and faster moving than bond prices and ratings.

In the past 12 months, Grupo Famsa's stock price volatility increased from a modest to moderately high level, which carries a correlation to an equity security with increased riskiness. Furthermore, the company showed a significant loss in market capitalization overtime and total liabilities were more than 15x higher than market capitalization about one year in advance of the bankruptcy filing. Such negative trends will often limit or even hinder the company from structuring future secondary market offerings or private investments in public equity (PIPE) as a means of supporting its finances.

CreditRiskMonitor captures these negative signals and incorporates them into the FRISK® score in a non-linear manner to appropriately measure risk.



# FRISK® STRESS INDEX

#	Business Name	Country	Current FRISK® score
1	<a href="#">Grupo Famsa, S.A.B. de C.V.</a>	Mexico	1
2	<a href="#">Yi Hua Holdings Ltd</a>	China	1
3	<a href="#">Changchun Sinoenergy Corp</a>	China	1
4	<a href="#">Nanjing Central Emporium Co., Ltd.</a>	China	1
5	<a href="#">Hamashbir 365 Holdings Ltd</a>	Israel	2
6	<a href="#">Harbin Churin Group Jointstock Co.,Ltd.</a>	China	2
7	<a href="#">T.O. Holdings Co Ltd</a>	Japan	2
8	<a href="#">Parkson Holdings Bhd</a>	Malaysia	2
9	<a href="#">AEON Stores (Hong Kong) Co., Limited</a>	Hong Kong	2
10	<a href="#">Empresas La Polar SA</a>	Chile	2

## FRISK® Stress Index - SIC classification: Department stores

See [COVID-19 Impact on Frisk Scores around the world...](#)

Primary industry codes only  Primary and secondary industry codes

Businesses From:  CLEAR

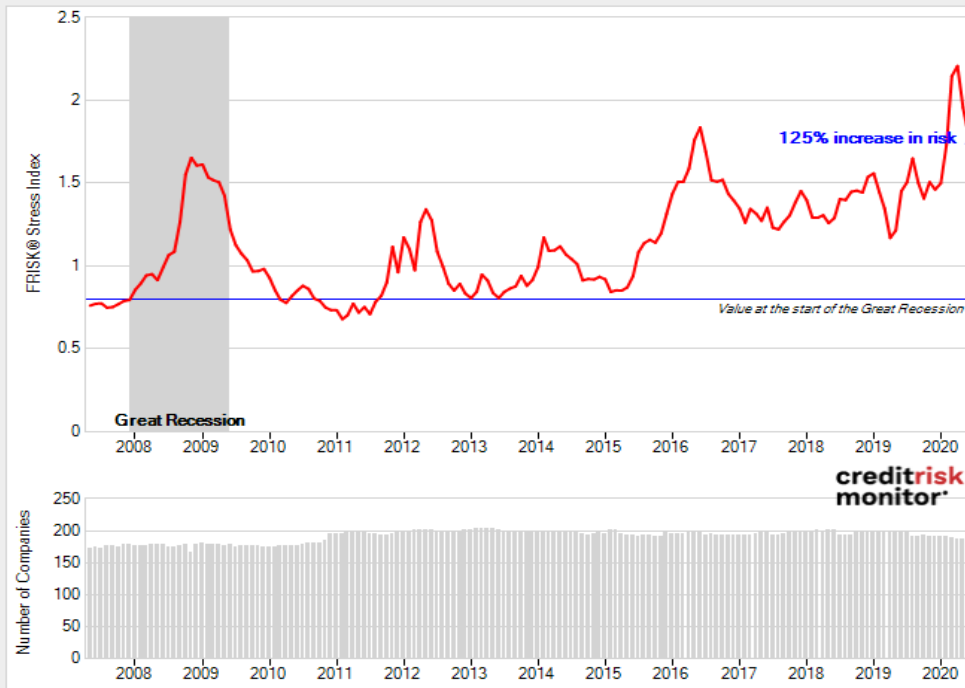
In Industry:

Country:

**UPDATE RESULTS**

Scale:

Total Companies in all months **276**



The FRISK® Stress Index shows the collective probability of failure in a group of companies (such as an industry, country or portfolio) over the next 12 months. It is designed to show trends in risk level across groups of companies and is shown on a zero to 50 scale, with 50 being the most risky.

**The average probability of failure for SIC code 5311 (Department Stores) has increased 125% since 2007.** Grupo Famsa was among the weakest names in the industry as evidenced by its FRISK® score of 1.

# PEER ANALYSIS ON ALTERNATE SUPPLIERS AND CUSTOMERS

The Peer Analysis expands to provide a ranking of a company's competitors, which can help provide options for alternate suppliers or new customers

Peer Group: 735	Ranking Within Peer Group	Number Of Peers Ranked	Company Value	Peer Group Range		
				Low	Median	High
<b>Credit Ratings</b>						
Z-Score	181	228	-0.15	-26.72	1.41	51.99
<b>Performance ratios:</b>						
Net Sales (Thousands of U.S. Dollars)		14		95,834	1,933,574	134,622,000
Gross Margin % Of Sales	34	229	50.28	-57.17	28.12	100.00
Gross Margin % Of Sales -- TTM	45	231	44.88	-14.35	27.83	99.95
SGA % Of Sales	192	229	41.60	2.87	21.86	670.91
SGA % Of Sales -- TTM	202	231	40.08	2.53	21.14	238.47
Operating Margin % Of Sales	38	234	9.52	-994.36	2.40	85.70
Operating Margin % Of Sales -- TTM	71	234	8.21	-496.21	4.45	110.43
EBITDA Margin Of Sales	31	101				
EBITDA Margin Of Sales -- TTM	65	140				
Net Profit Margin % Of Sales	191	234				
Net Profit Margin % Of Sales -- TTM	178	234				
Pre-tax Income % Of Sales	190	234				
Effective Tax Rate	82	229				
Depreciation % Of Prop/Plant/Equipment	130	164				
Capital Expense % Of Prop/Plant/Equipment	21	182				
Interest Coverage	82	98				
Interest Coverage -- TTM	124	140	1.08	-6.23	6.60	2,244.00
<b>Liquidity ratios:</b>						
Cash Ratio	215	231	0.07	0.00	0.31	190.56
Quick Ratio	69	219	0.67	0.01	0.47	10.39
Current Ratio	132	231	0.91	0.02	1.01	291.52
<b>Efficiency ratios:</b>						
Accounts Receivable Turnover	222	223	0.80	0.58	24.97	2,527.81
Days Sales Outstanding	233	234				
% of Inventory Financed by Vendors	151	212				
% of Inventory Financed by Vendors -- TTM	158	215				
Inventory Turnover	142	228				
Inventory Turnover -- TTM	147	229				
Days Sales in Inventory	142	224				
Inventory to Working Capital	167	227				
Accounts Payable Turnover	85	220				
Accounts Payable Turnover -- TTM	53	220				
<b>Leverage &amp; debt coverage:</b>						
Total Debt to Equity Ratio	215	223	7.98	0.00	0.80	41.55
Debt to Tangible Equity Ratio	208	212	8.64	0.00	0.92	42.60
Total Debt to Assets Ratio	228	230	0.84	0.00	0.30	1.39
Short-Term Debt % of Total Debt	172	222	71.33	0.01	35.13	100.00
Short-Term Debt % of Working Capital	121	227	-1,015.26	-29,931.39	0.00	7,384.77
Liabilities to Net Worth Ratio	203	214	9.19	0.02	1.90	76.37
Total Liabilities to Equity Ratio	214	225	8.49	0.02	1.68	162.96
TTM EBITDA to Total Debt	125	138	0.04	-0.44	0.20	493.99
Net Debt to TTM EBITDA	126	130	22.28	-7.22	3.25	58.18
Green - Ranked in Upper Quartile of Peer Group						
White - Ranked in the Middle Two Quartiles of Peer Group						
Red - Ranked in Lower Quartile of Peer Group						
Orange - Confidential						
Grey - Data is Not Available						
TTM = trailing 12 months N/A = Not Available						

Rank	Company Name
1	Burlington Stores Inc
2	Groupon Inc
3	Kohl's Corporation
4	Grupo Palacio de Hierro S.A.B. de C.V.
5	Dollar General Corp.

Rank	Company Name
1	Grupo Sanborns SAB de CV
2	Grupo Carso S.A. de C.V.
3	Dillard's, Inc.
4	Big Lots, Inc.
5	Wal-mart de Mexico S A B de C V (ADR)

Grupo Famsa demonstrated bottom quartile ranking in key financial ratios (shown in red) versus its industry peers.

# QUARTERLY PERFORMANCE RATIOS

Limited net income generation transitions into net loss

Poor interest coverage ratio & free cash flow to debt collapses on Peso currency depreciation

## Performance Ratios - Sequential Quarters

(Thousands of Mexican Pesos)

Period Ended	3 mos 3/31/2020	3 mos 12/31/2019	3 mos 9/30/2019	3 mos 6/30/2019	3 mos 3/31/2019
<b>Net Sales</b>	<b>4,572,810</b>	<b>5,597,711</b>	<b>5,076,642</b>	<b>5,050,728</b>	<b>4,809,712</b>
% change	-18.31%	10.26%	0.51%	5.01%	-16.74%
<b>Gross Margin</b>	<b>2,298,999</b>	<b>2,426,509</b>	<b>2,226,971</b>	<b>2,156,633</b>	<b>2,264,109</b>
% change	-5.25%	8.96%	3.26%	-4.75%	-17.24%
% of sales	50.28%	43.35%	43.87%	42.70%	47.07%
change as % of incremental sales	n/m	38.29%	271.43%	-44.59%	n/m
<b>SG&amp;A</b>	<b>1,902,345</b>	<b>2,248,652</b>	<b>2,071,760</b>	<b>1,912,572</b>	<b>1,957,874</b>
% change	-15.40%	8.54%	8.32%	-2.31%	n/a
% of sales	41.60%	40.17%	40.81%	37.87%	40.71%
change as % of incremental sales	n/m	33.95%	614.29%	-18.80%	n/a
<b>Operating margin</b>	<b>435,543</b>	<b>540,749</b>	<b>406,364</b>	<b>283,671</b>	<b>343,574</b>
% change	-19.46%	33.07%	43.25%	-17.44%	115.66%
% of sales	9.52%	9.66%	8.00%	5.62%	7.14%
change as % of incremental sales	n/m	25.79%	473.46%	-24.85%	n/m
<b>EBITDA</b>	<b>529,653</b>	<b>645,856</b>	<b>514,588</b>	<b>465,619</b>	<b>552,834</b>
% change	-17.99%	25.51%	10.52%	-15.78%	171.78%
% of sales	11.58%	11.54%	10.14%	9.22%	11.49%
change as % of incremental sales	n/m	25.19%	188.97%	-36.19%	n/m
<b>EBIT</b>	<b>262,536</b>	<b>401,395</b>	<b>274,351</b>	<b>221,432</b>	<b>280,556</b>
% change	-34.59%	46.31%	23.90%	-21.07%	167.10%
% of sales	5.74%	7.17%	5.40%	4.38%	5.83%
change as % of incremental sales	n/m	24.38%	204.21%	-24.53%	n/m
<b>Pre-tax income</b>	<b>(645,753)</b>	<b>205,720</b>	<b>(121,194)</b>	<b>(68,957)</b>	<b>4,131</b>
% change	-413.90%	269.74%	-75.75%	-1,769.26%	102.35%
% of sales	-14.12%	3.68%	-2.39%	-1.37%	0.09%
change as % of incremental sales	n/m	62.74%	-201.58%	-30.33%	n/m
<b>Net income (loss)</b>	<b>(570,974)</b>	<b>456,981</b>	<b>14,769</b>	<b>13,132</b>	<b>2,262</b>
% change	-224.94%	2,994.19%	12.47%	480.55%	100.40%
% of sales	-12.49%	8.16%	0.29%	0.26%	0.05%
change as % of incremental sales	n/m	84.87%	6.32%	4.51%	n/m
<b>Tax expense</b>	<b>(75,858)</b>	<b>(251,486)</b>	<b>(138,103)</b>	<b>(83,139)</b>	<b>2,236</b>
Effective tax rate	11.75%	-122.25%	113.95%	120.57%	54.13%
<b>Depreciation expense</b>	<b>267,117</b>	<b>244,461</b>	<b>240,237</b>	<b>420,899</b>	<b>272,279</b>
% of sales	5.84%	4.37%	4.73%	8.33%	5.66%
% of capital expenses	1,514.53%	234.77%	1,157.16%	857.86%	858.19%
% of PP&E, net (annualized)	14.19%	14.03%	14.66%	25.29%	27.84%
<b>Capital expenditures</b>	<b>17,637</b>	<b>104,126</b>	<b>20,761</b>	<b>49,064</b>	<b>31,727</b>
% change	-83.06%	401.55%	-57.69%	54.64%	-18.15%
% of PP&E, net (annualized)	0.94%	5.98%	1.27%	2.95%	3.24%
% of working capital (annualized)	-1.80%	-8.81%	-1.31%	-3.13%	-2.48%
<b>Interest coverage ratio</b>	<b>0.58</b>	<b>1.82</b>	<b>1.30</b>	<b>1.37</b>	<b>1.67</b>
% change	-67.98%	39.97%	-4.74%	-18.37%	146.35%
<b>Free cash flow</b>	<b>78,179</b>	<b>2,799,917</b>	<b>761,108</b>	<b>(286,517)</b>	<b>942,403</b>
% change	-97.21%	267.87%	365.64%	-130.40%	127.44%
Source:	Interim Report 4/28/2020	PRESS 3/3/2020	Interim Report 10/24/2019	Interim Report 7/25/2019	Interim Report 5/1/2019



# QUARTERLY LEVERAGE RATIOS

Total debt balances increased and total debt to assets trends in bottom quartile of department store industry peers

Three-fourths of total debt was current, indicating substantial refinancing risk

## Leverage Ratios - Sequential Quarters

(Thousands of Mexican Pesos)

Period Ended	3/31/2020	12/31/2019	9/30/2019	6/30/2019	3/31/2019
<b>Total debt</b>	<b>50,609,294</b>	<b>49,786,205</b>	<b>48,123,332</b>	<b>47,348,253</b>	<b>46,961,277</b>
% change	1.65%	3.46%	1.64%	0.82%	19.05%
<b>Stockholders' equity</b>	<b>6,340,760</b>	<b>6,299,786</b>	<b>6,012,203</b>	<b>5,923,724</b>	<b>5,934,786</b>
% change	0.65%	4.78%	1.49%	-0.19%	-0.74%
<b>Total debt to equity ratio</b>	<b>7.98</b>	<b>7.90</b>	<b>8.00</b>	<b>7.99</b>	<b>7.91</b>
% change	1.00%	-1.27%	0.14%	1.01%	19.94%
<b>Tangible net worth</b>	<b>5,857,313</b>	<b>5,795,548</b>	<b>5,558,444</b>	<b>5,475,828</b>	<b>5,481,321</b>
% change	1.07%	4.27%	1.51%	-0.10%	-0.70%
<b>Total debt to tangible net worth</b>	<b>8.64</b>	<b>8.59</b>	<b>8.66</b>	<b>8.65</b>	<b>8.57</b>
% change	0.58%	-0.78%	0.13%	0.93%	19.89%
<b>Total assets</b>	<b>60,146,879</b>	<b>60,082,737</b>	<b>57,513,064</b>	<b>56,535,884</b>	<b>55,924,403</b>
% change	0.11%	4.47%	1.73%	1.09%	15.17%
<b>Total debt to assets ratio</b>	<b>0.84</b>	<b>0.83</b>	<b>0.84</b>	<b>0.84</b>	<b>0.84</b>
% change	1.54%	-0.97%	-0.10%	-0.26%	3.37%
<b>Tangible assets</b>	<b>59,663,432</b>	<b>59,578,499</b>	<b>57,059,305</b>	<b>56,087,988</b>	<b>55,470,938</b>
% change	0.14%	4.42%	1.73%	1.11%	15.32%
<b>Short-term debt</b>	<b>36,099,157</b>	<b>36,073,831</b>	<b>36,354,003</b>	<b>35,428,886</b>	<b>32,208,881</b>
% change	0.07%	-0.77%	2.61%	10.00%	3.95%
<b>Short-term debt % of total debt</b>	<b>71.33%</b>	<b>72.46%</b>	<b>75.54%</b>	<b>74.83%</b>	<b>68.59%</b>
% change	-1.56%	-4.08%	0.96%	9.10%	-12.68%
<b>Short-term debt % of working capital</b>	<b>-1,015.26%</b>	<b>-839.06%</b>	<b>-705.01%</b>	<b>-471.85%</b>	<b>-641.31%</b>
% change	-21.00%	-19.01%	-49.41%	26.42%	-7.84%
<b>Total liabilities</b>	<b>53,806,119</b>	<b>53,782,951</b>	<b>51,500,861</b>	<b>50,612,160</b>	<b>49,989,617</b>
% change	0.04%	4.43%	1.76%	1.25%	17.40%
<b>Total liabilities to equity ratio</b>	<b>8.49</b>	<b>8.54</b>	<b>8.57</b>	<b>8.54</b>	<b>8.42</b>
% change	-0.60%	-0.34%	0.26%	1.43%	18.28%
<b>Total liabilities to tangible net worth ratio</b>	<b>9.19</b>	<b>9.28</b>	<b>9.27</b>	<b>9.24</b>	<b>9.12</b>
% change	-1.01%	0.16%	0.24%	1.35%	18.23%
<b>Total debt to EBITDA ratio (annualized)</b>	<b>23.89</b>	<b>19.27</b>	<b>23.38</b>	<b>25.42</b>	<b>21.24</b>
% change	23.00%	-57%	-8.04%	19.71%	-56.20%

Total debt in relation to EBITDA, adjusted for bank deposits, was commensurate with a highly leveraged borrower

# QUARTERLY LIQUIDITY RATIOS AND RATES OF RETURN

Ongoing working capital deficit

Persistently meager cash ratio

## Liquidity Ratios - Sequential Quarters

(Thousands of Mexican Pesos)

Period Ended	3/31/2020	12/31/2019	9/30/2019	6/30/2019	3/31/2019
<b>Current assets</b>	<b>35,302,108</b>	<b>35,302,507</b>	<b>34,081,691</b>	<b>30,664,866</b>	<b>29,835,632</b>
% change	0.00%	3.58%	11.14%	2.78%	4.92%
% of short-term debt	97.79%	97.86%	93.75%	86.55%	92.63%
<b>Current liabilities</b>	<b>38,857,749</b>	<b>39,601,839</b>	<b>39,238,230</b>	<b>38,173,434</b>	<b>34,858,009</b>
% change	-1.88%	0.93%	2.79%	9.51%	3.60%
<b>Working capital</b>	<b>(3,555,641)</b>	<b>(4,299,332)</b>	<b>(5,156,539)</b>	<b>(7,508,568)</b>	<b>(5,022,377)</b>
% change	17.30%	16.62%	31.32%	-49.50%	3.61%
% of sales (annualized)	-19.44%	-19.20%	-25.39%	-37.17%	-26.11%
<b>Cash</b>	<b>2,572,732</b>	<b>3,699,675</b>	<b>2,046,534</b>	<b>2,513,597</b>	<b>2,900,996</b>
% change	-30.46%	80.78%	-18.58%	-13.35%	23.93%
% of short-term debt	7.13%	10.26%	5.63%	7.09%	9.01%
<b>Cash ratio</b>	<b>0.07</b>	<b>0.09</b>	<b>0.05</b>	<b>0.07</b>	<b>0.08</b>
% change	-29.12%	78.93%	-20.67%	-20.91%	19.54%
<b>Quick assets</b>	<b>25,943,227</b>	<b>26,062,561</b>	<b>24,188,252</b>	<b>24,328,141</b>	<b>24,370,839</b>
% change	-0.46%	7.75%	-0.58%	-0.18%	6.96%
% of short-term debt	71.87%	72.25%	66.54%	68.67%	75.67%
<b>Quick ratio</b>	<b>0.67</b>	<b>0.66</b>	<b>0.62</b>	<b>0.64</b>	<b>0.70</b>
% change	1.44%	6.77%	-3.28%	-8.84%	3.25%
<b>Current ratio</b>	<b>0.91</b>	<b>0.89</b>	<b>0.87</b>	<b>0.80</b>	<b>0.86</b>
% change	1.92%	2.62%	8.13%	-6.15%	1.27%
Source:	Interim Report 4/28/2020	Interim Report 4/28/2020	Interim Report 10/24/2019	Interim Report 7/25/2019	Interim Report 5/1/2019

Mediocre returns on equity and assets

## Rate of Return - Sequential Quarters

(Thousands of Mexican Pesos)

Period Ended	3 mos 3/31/2020	3 mos 12/31/2019	3 mos 9/30/2019	3 mos 6/30/2019	3 mos 3/31/2019
<b>Return on equity</b>	<b>-9.06%</b>	<b>7.60%</b>	<b>0.25%</b>	<b>0.22%</b>	<b>0.04%</b>
% change	-219.24%	2,948.90%	12.65%	485.45%	100.49%
<b>Return on net tangible equity</b>	<b>-9.85%</b>	<b>8.22%</b>	<b>0.27%</b>	<b>0.24%</b>	<b>0.04%</b>
% change	-219.83%	2,948.35%	12.56%	484.39%	100.50%
<b>Return on total assets</b>	<b>-0.95%</b>	<b>0.78%</b>	<b>0.03%</b>	<b>0.02%</b>	<b>0.00%</b>
% change	-222.21%	2,900.77%	10.68%	444.19%	100.37%
<b>Return on tangible assets</b>	<b>-0.96%</b>	<b>0.78%</b>	<b>0.03%</b>	<b>0.02%</b>	<b>0.00%</b>
% change	-222.22%	2,902.30%	11.06%	434.09%	100.38%
Source:	Interim Report 4/28/2020	PRESS 3/3/2020	Interim Report 10/24/2019	Interim Report 7/25/2019	Interim Report 5/1/2019

# ANNUAL STATEMENT OF CASH FLOWS

Cash from operations increased only following an increase in depreciation and unpaid bills, among other items

## Statement of Cash Flows - Annual - Standardized

(Thousands of Mexican Pesos)

Period Ended	12 mos 12/31/2019	12 mos 12/31/2018	12 mos 12/31/2017	12 mos 12/31/2016	12 mos 12/31/2015
			<b>Reclassified</b> 12/31/2018		
<b>Cash Flows from Operating Activities:</b>					
Net income	490,192	(412,278)	(107,794)	(100,627)	(88,226)
Depreciation/depletion	1,001,163	406,380	412,880	416,933	545,551
Non-cash Items	3,924,253	4,514,637	3,196,470	6,803,664	7,448,674
Changes in working capital	(993,019)	(3,861,939)	(1,768,453)	(6,699,603)	(7,394,698)
<b>Total cash from operating activities</b>	<b>4,422,589</b>	<b>646,800</b>	<b>1,733,103</b>	<b>420,367</b>	<b>511,301</b>
<b>Cash Flows from Investing Activities:</b>					
Capital expenditures	(205,678)	(240,402)	(189,186)	(169,835)	(264,554)
Other investing cash flow items, total	(1,573)	1,032,804	443,088	34,802	309,885
<b>Total cash from investing activities</b>	<b>(207,251)</b>	<b>792,402</b>	<b>253,902</b>	<b>(135,033)</b>	<b>45,331</b>
<b>Cash Flows from Financing Activities:</b>					
Financing cash flow items	(1,364,924)	(1,245,881)	(1,102,814)	(932,620)	(734,299)
Issuance/retirement of stock, net	(10,177)	(20,798)	10,787	(1,748)	(25,442)
Issuance/retirement of debt, net	(683,837)	(271,036)	(514,699)	(62,887)	537,948
<b>Total cash from financing activities</b>	<b>(2,058,938)</b>	<b>(1,537,715)</b>	<b>(1,606,726)</b>	<b>(997,255)</b>	<b>(221,793)</b>
Foreign exchange effects	2,478	(3,807)	(240,740)	21,176	1,213
<b>Net change in cash</b>	<b>2,158,878</b>	<b>(102,320)</b>	<b>139,539</b>	<b>(690,745)</b>	<b>336,052</b>
<b>Net cash-beginning balance</b>	<b>1,540,797</b>	<b>1,954,902</b>	<b>1,815,363</b>	<b>2,194,323</b>	<b>1,858,271</b>
<b>Net cash-ending balance</b>	<b>3,699,675</b>	<b>1,852,582</b>	<b>1,954,902</b>	<b>1,503,578</b>	<b>2,194,323</b>
<b>Supplemental Disclosures:</b>					
Cash interest paid	1,364,924	3,109,038	2,478,821	1,757,714	1,412,950
Cash taxes paid, supplemental	66,005	n/a	n/a	59,860	44,294
Auditor/Opinion:		KPMG Cardenas Dosal, S.C. <b>Unqualified</b>	KPMG Cardenas Dosal, S.C. <b>Unqualified</b>	KPMG Cardenas Dosal, S.C. <b>Unqualified</b>	PricewaterhouseCoopers Societe Cooperative <b>Unqualified</b>
Source:	PRESS 3/3/2020	ARS 4/30/2019	ARS 4/30/2019	ARS 5/25/2017	ARS 6/2/2016

## NEWS ALERTS: A TIMELINE OF CONCERNING NEWS ITEMS

<p><b>Q1 2019 filing – Grupo Famsa reports higher liabilities and financial leverage as operating and capital leases are brought onto the balance sheet following the indoctrination of the new accounting standard ASC 842. Total liabilities to net worth increased from 7.7 to 9.1x.</b></p>		
05/14/2019	CRMZ News Service	Grupo Famsa S.A.B. de C.V. – updated financials available
<p><b>Fitch Ratings adjusted its Outlook from Positive to Stable as recently reported financials were below the rating agency's expectations and that performance improvements would take longer than a year given Mexico's weakening economy. B-rated issuers demonstrate high default risk based on statistical long-term averages.</b></p>		
09/11/2019	Fitch Ratings	Fitch Affirms Famsa's IDRs at 'B-', Revises Outlook to Stable
<p><b>Grupo Famsa announced a potential debt exchange that would involve swapping any or all of its 7.25% Senior Notes due 2020 for 9.75% Senior Secured Notes due 2024. Contract amendments would include eliminating certain covenants and default provisions, in an effort to boost financial flexibility. However, the issuer's proposed transaction would be considered a distressed debt exchange and carry characteristics that would parallel to a selective default event.</b></p>		
10/28/2019	PR Newswire	Grupo Famsa S.A.B. de C.V. Announces the Commencement of an Offer
<p><b>Grupo Famsa announced the final results of its Exchange Offer, disclosing that nearly 58% of the existing notes were successfully tendered. However, this transaction resulted in higher interest payments and the untendered amount was still subject to its May 2020 maturity.</b></p>		
12/11/2019	CRMZ News Service	Grupo Famsa S.A.B. de C.V. Announces Final Results of Exchange Offer
<p><b>Q4 2019 filing – Grupo Famsa reported a net sales decreased of 3.1% compared to the prior year's comparable period, counter to original guidance indicating revenue growth. Additionally, nearly all of the operating income reported for the period was actually attributable to the sale of real estate assets.</b></p>		
03/25/2020	CRMZ News Service	Grupo Famsa S.A.B. de C.V. – updated financials available
<p><b>Q1 2020 filing - Grupo Famsa reported a 4.9% decline in sales and a pre-tax loss of \$571 million, primarily driven by foreign exchange losses. At this point, current loans exceeded its available cash and cash equivalents. About a month later, the company would default on its scheduled principal debt payment.</b></p>		
05/01/2020	CRMZ News Service	Grupo Famsa S.A.B. de C.V. – updated financials available
<p><b>Reuters reported that Grupo Famsa filed for Chapter 11 bankruptcy protection. It was one of the many retailers negatively impacted by the coronavirus pandemic. Senior secured notes were anticipated to receive a substantial haircut after liquidation discounts were applied to inventory and property. Total accounts payable due to suppliers before the filing was nearly \$2.1 billion.</b></p>		
06/26/2020	NewsAPI.org	Mexico's Grupo Famsa seeks Chapter 11 protection

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