



360° WELLNESS

ANNUAL REPORT
2017





WE ARE
WELLNESS

WE ARE PART OF A
TRANSFORMATION PROCESS.

WE PROMOTE A HEALTHY AND
ACTIVE LIFESTYLE SO THAT OUR
CUSTOMERS CAN BE THE BEST
VERSION OF THEMSELVES.

WE ARE THE LEADING FAMILY
SPORTS CLUB OPERATING COMPANY
IN MEXICO AND THE ONLY PUBLIC
COMPANY IN THE WELLNESS
INDUSTRY IN LATIN AMERICA.

WE OFFER A WIDE RANGE OF
SPORTS PROGRAMS FOCUSED
ON THE SPECIFIC DEMANDS
AND NEEDS OF OUR CLIENTS, AS
WELL AS TRAINING, HEALTH AND
NUTRITION SERVICES FOLLOWING
THE LATEST INTERNATIONAL TRENDS
IN THE INDUSTRY, TO ENSURE
THAT OUR CLIENTS MAINTAIN
A WELLNESS LIFESTYLE.

SPORTS WORLD HAS BEEN LISTED IN
THE MEXICAN STOCK EXCHANGE, WITH
THE TICKER SPORT.S, SINCE 2010.



30°

40°

50°

60°

CLIENTS

84,823

16.2%

2017
VS
2016

CAC: 13.3%

| | |
|----|--------|
| 13 | 51,400 |
| 14 | 56,895 |
| 15 | 67,259 |
| 16 | 72,987 |
| 17 | 84,823 |

MISSION

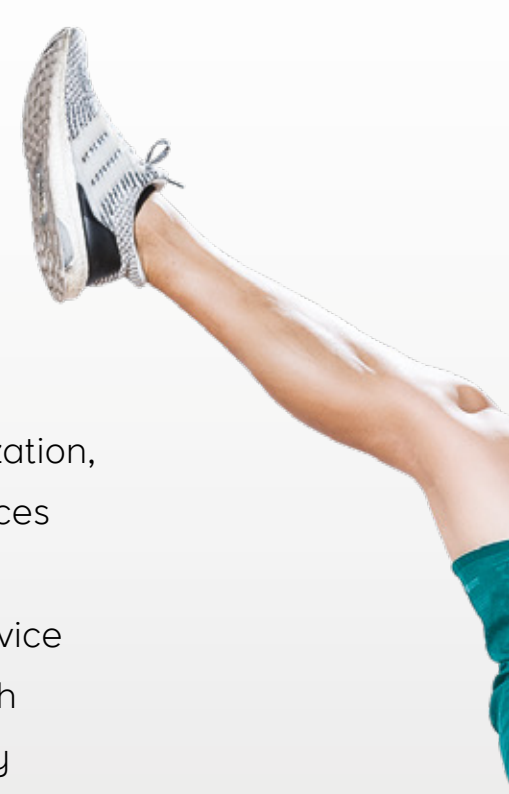
To make our customers feel special in a fun, dynamic and hospitable environment, activating and transforming their lives.

VISION

To be the leading Wellness organization, distinguished for creating experiences that allow us to exceed our clients' expectations through quality in service and innovation, ensuring the growth of our collaborators, our profitability and the Company's sustainability.

VALUES

Service
Innovation
Passion
Growth
Honesty
Commitment
Team work



70°

80°

90°

100°



INCOME

1,665,842

22.1%

2017
VS
2016

CAC: 16.9%

Figures in thousands of MXN

| | |
|----|-------|
| 13 | 892 |
| 14 | 1,062 |
| 15 | 1,192 |
| 16 | 1,364 |
| 17 | 1,666 |



CUSTOMERS

Join them in the achievement of their goals, in a comfortable environment, guaranteeing the optimal operation of our facilities.

PEOPLE

Find the balance between the Company's growth and the people's development, transforming ourselves into an example that inspires wellbeing.

SUSTAINABILITY

Promote active and healthy lifestyles, managing the efficient use of our natural resources and operating in an ethical and transparent manner.



110°

120°

130°

EBITDA

292,757

28.3%

2017
VS
2016

SW STRENGTHENED ITS WELLNESS STRATEGY IN 2017, BROADENING ITS SUPPLY AND BRINGING TO ITS CLIENTS THOSE ACTIVITIES AND SERVICES NEEDED TO HAVE A HEALTHY AND BALANCED LIFESTYLE.

CAC: 14.1%

Figures in thousands of MXN

| | | |
|----|--|-----|
| 13 | | 173 |
| 14 | | 205 |
| 15 | | 204 |
| 16 | | 228 |
| 17 | | 293 |



150°

160°

170°

180°



CLUBS

57*

CAC: 13.0%

8 OPENINGS

2017 VS 2016

| | |
|----|----|
| 13 | 35 |
| 14 | 42 |
| 15 | 46 |
| 16 | 49 |
| 17 | 57 |

* Considering clubs in shared operation.

BAJA CALIFORNIA

SW TIJUANA*

CAMPECHE

CD. DEL CARMEN

ESTADO DE MÉXICO

SW ARBOLEDAS*
 SW COACALCO*
 SW INTERLOMAS
 SW LUNA PARC*
 SW METEPEC
 SW SATÉLITE
 SW TECAMACHALCO
 SW TRIÁNGULO TECA
 SW ZONA ESMERALDA

GUANAJUATO

SW LEÓN

JALISCO

SW LA RIOJA
 SW MINERVA
 SW PUERTA DE HIERRO

MORELOS

CUERNAVACA

NUEVO LEÓN

SW CUMBRES
 SW MONTERREY

PUEBLA

SW PUEBLA
 SW SONATA

QUERÉTARO

SW BERNARDO QUINTANA
 SW JURQUILLA

SONORA

SW HERMOSILLO

VERACRUZ

SW VERACRUZ

YUCATÁN

SW MÉRIDA
 SW CABO NORTE

CIUDAD DE MÉXICO

SW ALTAVISTA
 SW AMORES
 SW ANTARA
 SW ANZURES
 SW BARRANCA DEL MUERTO
 SW CENTENARIO
 SW CLAVERÍA
 SW CONDESA
 SW CRÁTER
 SW FÉLIX CUEVAS
 SW GARDEN SANTA FE
 SW LAGO ALBERTO
 SW LINDAVISTA
 SW LORETO
 SW MANACAR
 SW M. A. QUEVEDO
 SW OBRERO MUNDIAL
 SW PABELLÓN BOSQUES
 SW PALMAS
 SW PATRIOTISMO
 SW PEDREGAL
 SW PRADO SUR
 SW REFORMA
 SW REVOLUCIÓN
 SW ROMA
 SW SAN ÁNGEL
 SW SAN JERÓNIMO
 SW SANTA FE
 SW UNIVERSIDAD
 SW VALLE
 SW XOLA



*It has a shared operation agreement.
 It does not operate under the Sports World brand.

190°

200°

210°

220°

SUSTAINABILITY

MODEL

WE WORK TO INTEGRATE OUR PHILOSOPHY OF SUSTAINABILITY IN EACH STEP THAT WE GIVE, MAKING EACH ASPECT AN IMPORTANT PART OF THE SUSTAINABILITY MODEL.



230°

240°

250°

260°

For Sports World, it's very important to keep an open communication with our stakeholders, for that, we have open channels that propitiate a permanent dialogue to listen their interests, opinions and expectations.

DEAR SHAREHOLDERS,

-  CLIENTS
-  COLLABORATORS
-  MANAGEMENT
-  PROVIDERS
-  SHAREHOLDERS

WE ARE VERY PLEASED WITH THE RESULTS OF 2017. THANKS TO OUR STRATEGIES AND INITIATIVES FOCUSED ON SERVICE AND HOSPITALITY, AS WELL AS OUR CONSTANT INNOVATION, WE CONTINUE TO STRENGTHEN SPORTS WORLD'S LEADERSHIP IN THE MEXICAN MARKET AND WE CONTINUE TO IMPROVE OUR OCCUPANCY AND CHURN RATES.



270°

280°

290°

300°



This, along with the successful implementation of our growth plan during the year, helped us surpass our results guidance, reaching a Total Income growth of 22.1% and an EBITDA margin of 17.6%.

The improvement in our profitability is a result of the greater maturity of our clubs with more than twelve months in operation, and of how they continued to increase their occupancy rate, going from 77.7% at the end of 2016 to 80.2% at the end of 2017, a result of the client retention and service focused strategies, as well as of the successful presale process and following evolution of the clubs opened during the year. We will stay focused on increasing the occupancy levels in our clubs to continue to improve the Company's profitability.

On the other hand, despite the unfortunate events that happened in September and the extraordinary increase in prices carried out mid-year to counteract the effect of the cost increase of our main services, we managed to keep our churn rate at 3.6%, a level close to the one shown in 2016, and lower than that of the industry at a global level, reflecting our responsibility to offer a unique experience and quality service.

In line with our expansion plan, during 2017 we carried out the opening of eight new clubs, strengthening our presence in Mexico City and its metropolitan area and expanding our footprint to other states of the country with high development potential. With these openings, we end the year with 53 clubs in operation and four operated under a different brand, under a shared operation agreement, strengthening our position as the biggest family club chain in Mexico.

One of the achievements in 2017 was the success of our new image, launched at the beginning of the year along with a strong marketing campaign, that has propelled our positioning as the leading chain in the market we are focused on.

In 2017 we kept our commitment to contribute to our environment's improvement: for the sixth year in a row, we received the Socially Responsible Company (Empresa Socialmente Responsable) distinction; we carried out our annual reforestation project along with Pronatura México, planting a total of 1,500 trees with the help of approximately 100 volunteers that joined the program; and we carried out the "Smiles Mailbox (Buzón de las Sonrisas)" initiative along with the TUK foundation, which consisted in sponsoring 50 children in vulnerable situations, giving them toys and clothes during the holidays.

To finalize, I want to thank our clients for their preference and for allowing Sports World to be a part of their lives, and to our shareholders for the trust they have placed in us; furthermore, I want to recognize the effort of our collaborators to continue to offer an excellent service.

Fabián Bifaretti
CEO

MORE THAN A LIFESTYLE

WE STRIVE TO
TURN WELLNESS
INTO A LIFESTYLE.

WE WANT OUR
CLIENTS TO ACHIEVE
A BETTER VERSION
OF THEMSELVES
THROUGH OUR
PROGRAMS AND
SERVICES.

2017 was a key year to strengthen our wellness focused strategy. With it, we seek to offer our clients all the services that will lead them to a healthy lifestyle.

Besides the wide and innovative sports offer, we have nutrition services; programs focused on improving health issues such as “Feel Healthy” (focused on improving diabetes, hypertension and overweight); special activities for children (tae kwon do, early stimulation, ballet, sports climbing, special swim program “SafeSplash”, hip hop, yoga, and others, as well as special seasonal events: “Summer Camp”, “Spring Camp” and “Winter Camp”); recovery programs; special yoga events and other programs included in our sports offer, such as “Grit Games”; SPA service and, finally, coffee shops that seek to improve their products every day in order to have a healthy and rich offering that goes along with the lifestyle we encourage.



NUTRITION
SERVICES



ACTIVITIES
FOR CHILDREN



RECOVERY
PROGRAMS



SPA
SERVICE



COFFEE SHOPS
SERVICE

EVERY DAY
THERE ARE MORE
COMMUNITIES
FORMED WITHIN
SPORTS WORLD.
THIS CREATES
A SENSE OF
BELONGING THAT
HELPS US RETAIN
MORE CLIENTS.

ALWAYS ON THE LEAD

At the beginning of the year, we launched our new image along with an aggressive marketing campaign. They were both remarkably successful and have been an important factor in strengthening the brand positioning in the premium segment, as well as to reach all generations.

This brand positioning improvement, along with the strengthening of our wellness strategy, have brought an increasing interest from other companies to have presence in our clubs, which has led to an increase in sponsorships and commercial exchange income. We believe these partnerships are important to continue growing the wellness market in the country.

On the other hand, as we have been doing for the past few years, we carried on with our constant innovation, with the goal of always leading with the latest global trends in the fitness and wellness market. In 2017, for example, we implemented *IndBike* in 18 more clubs, reaching a total of 21 clubs that offer this highly accepted and demanded activity. Another program that has proven to be very successful is GRIT®, in which we have had over 1,000 attendees in three generations and one GRIT® CAMP.



21
CLUBS WITH
ACTIVITY INDBIKE



1,000
ATTENDEES
GRIT® CAMP

EXCELLENT SERVICE... THAT SHOWS RESULTS

UNDER
OUR FOUR
SERVICE PILLARS
SCHEME, WE
OFFER OUR
CLIENTS A QUALITY
EXPERIENCE.

We started 2017 with the launch of a new campaign focused on enriching our client service, with which we implemented a new “four service pillars” scheme:



01

EQUIPMENT MAINTENANCE:
A 72 HRS. COMMITMENT TO DEAL WITH ANY BREAKDOWNS



02

CLEANLINESS:
IMPECCABLE FACILITIES AT ALL TIMES



03

COACHES:
ALWAYS AVAILABLE



04

CLIENT SERVICE:
LESS THAN 24 HRS. RESPONSE TO COMMENTS

The result of this campaign's implementation was an increase in clients' satisfaction :

80.3%
AT THE END OF 2016

88.1%
AT THE END OF 2017

Through this, we have achieved an increase of 2.5 percentage points in the occupancy rate of clubs with more than twelve months in operation and a 6.4% increase in the monthly average attendance in comparison to the previous year.

On the other hand, we maintained a healthy churn rate of 3.6% by the end of 2017, a level that was kept below the one of the industry and similar to the one we held in 2016, despite the additional increase in prices carried out mid-year and the unfortunate happenings of the September earthquake.

EXPANSION PLAN

WITH THE OPENING
OF EIGHT NEW
CLUBS DURING
2017, IN LINE WITH
OUR EXPANSION
PLAN, SPORTS
WORLD HOLDS ITS
POSITION AS THE
LEADER IN THE
PREMIUM SEGMENT.

As part of our expansion plan, in 2017 we added eight new family format clubs, strengthening our presence in Mexico City with five of them, in Queretaro with two and in Merida with one. Locations are determined based on a growth and economic development analysis by state, as well as a sensitivity analysis carried out by the management team and expansion area experts.

We are proud of the strong welcome we have received in openings outside of Mexico City and its metropolitan area, which is shown our results, demonstrating a 16.2% increase in active clients in comparison to 2016. Thanks to this positive response, we are confident of the success we will continue to have in the expansion towards other states of the country with high potential.

At the end of 2017, we had 53 clubs in operation and four operating under another brand in a shared operation agreement, in line with our growth plan and medium term goals.



8

NEW
CLUBS '17

53

CLUBS IN
OPERATION '17

5

CDMX

+4

CLUBS UNDER SCHEME
OPERATION AGREEMENT

2

QUERÉTARO

1

MÉRIDA



AS A WELLNES COMPANY, WE CONSIDER OURSELVES RESPONSIBLE FOR THE PROMOTION OF ACTIVE AND HEALTHY LIFESTYLES WITHIN OUR COMMUNITY AND, PARTICULARLY, AMONGST THE NEW GENERATIONS.

SUSTAINABILITY

OUR INTEREST GROUPS AND OUR ETHICAL BEHAVIOR

We strive to keep a mutual trust and open dialog relationship with our interest groups, to continually improve their satisfaction and our operation. The communication channels we use allow us to generate permanent communication, to listen to their interests, opinions and expectations.

During the year, we managed a new proximity to our interest groups, to update our materiality research to continue the improvement process in our reporting forms. Up next, we show the material subjects we had:

- ETHICAL BEHAVIOUR
- CLIENT'S HEALTH AND SAFETY
- WELLNESS, HEALTH AND JOB SAFETY
- WATER CONSUMPTION FOR OPERATION
- ETHICS AND BUSINESS BEHAVIOR CODES
- TRANSPARENCY
- ENVIRONMENTALLY FRIENDLY CLEANING MATERIALS
- TALENT ATTRACTION AND RETENTION
- HUMAN CAPITAL DEVELOPMENT
- WORK PRACTICES AND HUMAN RIGHTS' PROTECTION
- RISKS AND CRISIS MANAGEMENT
- INFORMATION SAFETY AND GOVERNANCE
- OPERATIONS' ENERGY CONSUMPTION
- DIVERSITY AND INCLUSION
- CLIENT RELATIONSHIP MANAGEMENT
- WASTE MANAGEMENT

To guarantee the sustainability of our business, we must maintain lasting relationships with our interest groups. We consider that we will achieve this by reaching ethical standards and by being transparent with them.

Our Code also sets the path to follow in case we identify non-compliance, which is reported through our reporting channel "Denuncia SW":



denuncia@sportsworld.com.mx / proveedor@sportsworld.com.mx

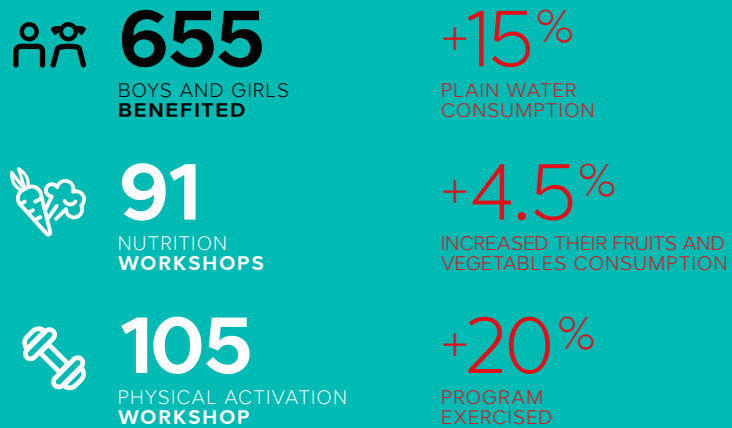
SOCIAL PERFORMANCE

SOCIAL PROGRAMS

Together for a Healthy Childhood: An Active Childhood

This year, our “Together for a Healthy Childhood: An Active Childhood” program, operated in partnership with “Save the Children Mexico”, has paid off, adding one more school to such an important initiative, which seeks to improve nutrition and physical activity among school-aged children.

During 2017 we achieved:



Given the achieved goals, in 2018 we will continue to add up our efforts and we will keep the alliance with “Save the Children Mexico”; thus, we will remain a change factor in the lives of children reached by “Together for a Healthy Childhood: An Active Childhood”.

GAME CHANGE

We participated in the 2017 “Copa Valores” by the Asociación Cambio de Juego A.C.

- We managed to sponsor six soccer and one dance team, formed by young people in vulnerable situations.
- With our donation, they acquired sports uniforms and food for their good performance during the tournament.

FROM OBLIVION TO RELIEF

We offer a new life to forgotten clothing that is not claimed back by our clients.

- In 2017 we donated a total of 250 clothing items to several foundations.

FOR A HEALTHY MEXICO

We continue to strengthen our alliance with Mexico City's Health Ministry in order to address the health issues in our country.

- We took part in the program “Muévete”, giving group physical activation classes in several public spaces, schools, health fairs and sports clubs in Mexico City.

SMILES MAILBOX

The volunteers from our corporate team sponsored 50 children in vulnerable situations to give them a toy they wanted during December, creating, with this, a harmonic space while delivering the gift personally to each child.

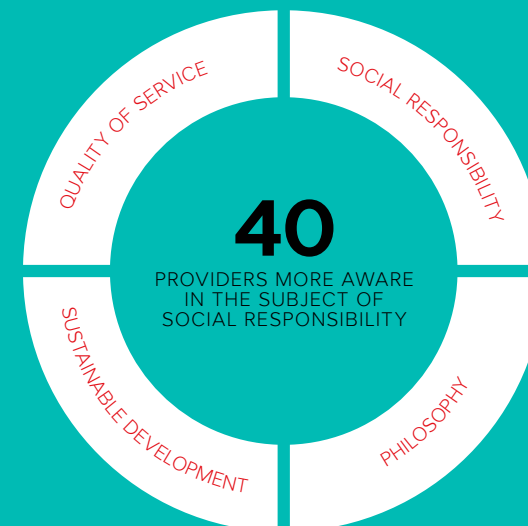
VALUE CHAIN:

WE WORKED WITH 400 PROVIDERS IN 2017.

During 2017 we decided to take another step in our involvement with our value chain, focusing our efforts on the creation of a trust relationship and the development of our main providers, many of which are micro, small and medium Mexican companies.

We designed an evaluation process to help them improve, an effort we consider to be beneficial both for them and ourselves. Beyond the quality of their service, we want our value chain to be involved with our Social Responsibility topics, in line with our philosophy and joining the sustainable development effort. Because of this, we offered an awareness workshop to 40 of our most important providers, showing them our sustainable strategy, main actions taken through time and inviting them, with our help, to join the process to get the Socially Responsible Company distinctive, joining the select group of companies that have it.

We will keep this quality relationship in the future, with more workshops to lead them towards Social Responsibility and to guide them in their effort. We will also seek to include more providers in this process. We know that this is the only way in which we will become a truly sustainable company.





SECURING THE SUSTAINABILITY OF THE COMPANY AND PROTECTING THE ENVIRONMENT IS OUR PRIORITY. YEAR AFTER YEAR, WE WORK ON IMPROVING OUR MEASUREMENT SYSTEMS, WHICH ALLOW US TO KNOW THE IMPACT OF OUR DAY-TO-DAY OPERATIONS AND TO ESTABLISH REDUCTION ENVIRONMENTAL GOALS.

ENVIRONMENTAL PERFORMANCE

WATER

Water Consumption

With water being one of the main resources for the correct flow of our operations, we are permanently working on awareness about its care and reasonable use in each of the clubs of the chain, which is why we are committed to the search of solutions that make its use more efficient and limit its consumption.



14%

REDUCED THE WATER CONSUMPTION

-10%

WATER CONSUMPTION IN FAMILY CLUBS

-8%

IN INDIVIDUAL CLUBS



28

CLUBS WITH PUSH SHOWERS

-25%

WATER CONSUMPTION

275

INSTALLED SHOWERS

\$1,592,000

REPRESENTING AN INVESTMENT

ENERGY

The natural gas and LP gas consumption for water heating make up the main energy source of our operation, followed by electrical consumption in our facilities.

Just like last year, solar energy supplied, energetically, some of our clubs, allowing us to heat water through this means and to turn our energy matrix greener for the future, reducing our dependence on fossil fuels.



80%

REDUCTION NATURAL GAS CONSUMPTION

-31%

GIGAJOULES IN OPERATION

Electrical Energy

As part of our commitment to the environment, we strive to regulate our electrical energy consumption in each business unit through strategies that allow for its efficient use and the optimization in the use of this resource. The electrical installation of new clubs has been planned strategically, based on these principles, because they work with compact fluorescence and special LEDs applications, reducing considerably the energy consumption, in comparison with a traditional lamp.



5%

INCREASED IN
CONSUMPTION ANNUAL VS '16

Thermal Energy

Thermal energy is another essential resource for our operation, which is why each club has boiler rooms for water heating, most of which run on LP Gas.

For the most recent openings, we promoted the use of ceramic core boilers with high efficiency, aside from the incorporation of new technology that makes thermal energy use more efficient.



15

OF OUR CLUBS USE
NATURAL GAS

-4%

USE OF
GAS LP

-54%

COMBUSTION
EMISSIONS

CARBON FOOTPRINT

Nowadays, the measurement of the carbon footprint is important not just for the protection of the environment, but also as an indicator of use intensity of resources, financial efficiency of our organization and the analysis of risk associated to climate change.

Due to our growth with the opening of eight new clubs, we are aware of our growing impact on the atmosphere, which is why we are committed to the creation of a mitigation plan, foreseeing the additional pollution we might generate in the future.



-2,964

TONS OF CO₂

WASTE MANAGEMENT

This year, as part of a new initiative, we considered it of importance to reduce the water bottle consumption in corporate offices, carried out through the acquisition of dispensers which resulted in the reduction of 2,600 500ml water bottles consumed in 2017.

We achieved savings of 43.9% in fuel, reducing the related greenhouse gas emissions by almost half.



2,600

WATER BOTTLES (500 ml)
NOT CONSUMED



405,487

RECYCLED BOTTLES



4,320

LITERS OF GASOLINE
BY FLEET OF VEHICLES

\$101,599

EQUIVALENT IN MXN

ACTIONS IN SUPPORT OF THE PLANET

As part of our strategy to compensate for the carbon footprint generated by our operation, in 2010 we created the program "A Todo Pulmón". For the seventh year in a row, we summoned our collaborators to join us for a reforestation day that, aside from creating a nice work environment, benefits our planet and community.

We reforest the Cumbres de Ajusco National Park:



100

COLLABORATORS
AND FAMILY

67%

GREATER ASSISTANCE
'17 VS '16

Since the beginning of the program:



6,600

TOTAL OF TREES
PLANTED

1,500

PLANTED PINE
TREES



IN 2017 WE TOOK AN IMPORTANT STEP TOWARDS A NEW PERSONNEL MANAGEMENT FOCUS, DEVELOPING OUR HUMAN RESOURCES PROGRAM INTO TALENT & CULTURE. PROMOTING A WELLNESS LIFESTYLE IN OUR COLLABORATORS, WITH THE OBJECTIVE OF INCENTIVATE AN INDIVIDUAL AN PROFESSIONAL BALANCE.

JOB PERFORMANCE

OUR TEAM

1,120
WOMEN (45%)

2,516
TOTAL

1,396
MEN (55%)

22%
PROFESSIONAL GROWTH VS PREVIOUS YEAR

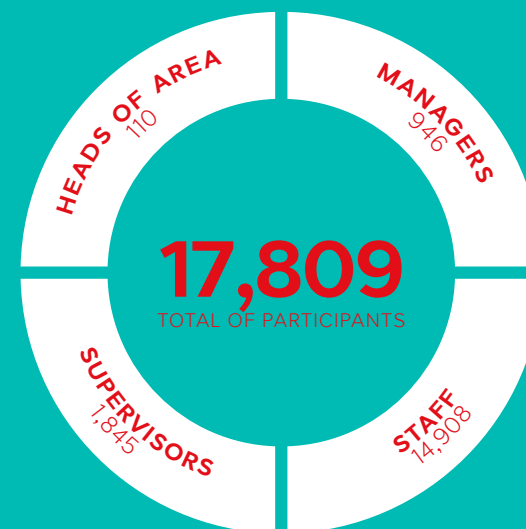
TRAINING AND ASSESSMENT

Training is essential for collaborators to have the knowledge that helps them develop necessary skills to improve their job performance.

During 2017 we continued our training programs “Espíritu SW”, “Star Trainer” and “El Impacto de tu Excelencia”, focused on strengthening our hospitality culture. Furthermore, we moved to a new stage in leader training by starting our Management School, in search for skills and competences development in our internal talent to face present and future growth.

56
OF OUR COLLABORATORS WERE CHOSEN TO BE A PART OF THE **MANAGEMENT SCHOOL**

41 hours
OF TRAINING PER COLLABORATOR (+2HRS VS 2016)



ALMOST 500 PEOPLE JOINED OUR TEAM IN DIFFERENT STATES OF THE COUNTRY.

WELLBEING, HEALTH AND SAFETY

We are natural promoters of wellbeing and, beyond our clients, we also want our collaborators to lead active and healthy lives, in line with our philosophy.

In this year, we continued with the implementation of actions that form our internal "Wellness" health program, such as:

Alignment and Balance Months

To promote a prevention and self-care health culture, implementing days when we offer free medical services such as glucose, BMI and blood pressure measurement, and sight exams among others, getting 71% of collaborators to participate.

21-day Challenge

An initiative that promotes physical activation amongst corporate collaborators, encouraging the use of stairs to head into our facilities.

Family Day

Amongst the initiatives of our internal health program, "Wellness", we have the Family Day, which allows direct family members of our collaborators to use our facilities on weekends. During 2017, 45 of our collaborators took advantage of this benefit.

Our wellness culture has been recognized by the Wellness Council Mexico, who awarded us for the third year in a row, the distinctive of a Responsibly Healthy Organization (Distintivo Organización Saludablemente Responsable).

 **103**
ACCIDENTS
TOTAL 2017

2
ADMINISTRATIVE

101
OPERATIONAL

PROTECTION OF HUMAN RIGHTS, DIVERSITY AND EQUITY

We join the Global Deal to reject forced labor, child exploitation and discrimination in any form in the totality of our value chain. To ensure the fulfillment of this commitment, we support it internally with our:

- Ethics code
- Gender equity and no discrimination policy
- No-discrimination trainings
- Complaints processes for any breach

With the intention of strengthening the initiatives started by the company to foster an organizational culture of no-discrimination and to deal with opportunity areas in the matter, during the last quarter of 2017 we trained 300 of our collaborators in non-discrimination subjects through the CONAPRED's (National Council for Discrimination Prevention) education program "Conéctate".


AT SPORTS WORLD WE INVEST IN THE WELLBEING AND DEVELOPMENT OF OUR COLLABORATORS AND, AS PART OF THIS EFFORT, WE OFFER BENEFITS THAT SURPASS WHAT THE LAW REQUIRES.

COMPENSATION AND BENEFITS

 **30 DAY**
YEAR END BONUS

 **10% IN FOOD**
COUPONS

 **10% ATTENDANCE**
BONUS

 **10% BONUS FOR**
ARRIVING ON TIME

 **5% SAVINGS**
FUND

 **USE OF FACILITIES FOR**
EMPLOYEES AND SOME
FAMILY MEMBERS

 **LIFE INSURANCE**

 **MAJOR MEDICAL**
EXPENSE INSURANCE

MATERNITY AND PATERNITY

Because we know that life-work balance is important, all our staff has the right to a paternity or maternity leave. This year, the number of collaborators that took advantage of this right grew a little over 100%; besides, the percentage of people who came back to their jobs after their time off grew by 9%.

 **36**
WENT ON
MATERNITY
LEAVE

31
RETURNED TO
THEIR ACTIVITIES
AFTER THEIR
MATERNITY
LEAVE

31
KEPT THEIR JOB
12 MONTHS AFTER
REJOINING

 **71**
WENT ON
PATERNITY
LEAVE

71
RETURNED TO
THEIR ACTIVITIES
AFTER THEIR
PATERNITY
LEAVE

69
KEPT THEIR JOB
12 MONTHS AFTER
REJOINING

RECOGNITION

During 2017 we set as an objective to join all our internal recognition practices in one single model, which we called DA+ and one which strives to recognize the work, performance, extraordinary effort and contributions from Sports World's collaborators, fostering a superior performance and better results for the Company.

 **TIME**

Recognize and celebrate the permanence of our people in the organization.

 **ACHIEVEMENT**

Recognize outstanding collaborators for actions that positively impact the organization.

 **LIFE**

Celebrate special life moments of each collaborator.

 **TEAM**

Recognize the work, results and integration as a team.

 **DEVELOPMENT**

Recognize those collaborators who strive to improve and develop themselves and make a difference within the Company.

 **SOCIAL**

Recognize the participation of collaborators in activities that generate a positive impact in our community.



FINANCIAL HIGHLIGHTS

GRUPO SPORTS WORLD, S. A. B. DE C. V. AND SUBSIDIARIES

Figures in millions of pesos (except number of employees)

| FINANCIAL STATEMENT | 2017 | 2016 | VAR. \$ | VAR. % |
|--|------------------|------------------|----------------|--------------|
| Net Revenue | 1,665,842 | 1,363,874 | 301,968 | 22.1% |
| Clubs' Operating Expense | 1,277,616 | 1,049,277 | 228,339 | 21.8% |
| Gross Contribution | 388,226 | 314,597 | 73,629 | 23.4% |
| Depreciation and Amortization | 180,996 | 158,665 | 22,331 | 14.1% |
| Administrative Cost | 95,469 | 86,371 | 9,098 | 10.5% |
| Administrative Cost/Net Revenue | 5.7% | 6.3% | | -0.6 p.p. |
| Operating Income | 111,761 | 69,561 | 42,200 | 60.7% |
| Operating Margin | 6.7% | 5.1% | | 1.6 p.p. |
| EBITDA ¹ | 292,757 | 228,227 | 64,530 | 28.3% |
| EBITDA Margin | 17.6% | 16.7% | | 0.8 p.p. |
| Net Financing Expense | -50,196 | -30,033 | -20,163 | 67.1% |
| Income Tax | 8,818 | 9,806 | -988 | -10.1% |
| Net Profit (loss) | 52,747 | 29,723 | 23,024 | 77.5% |
| Net Profit Margin | 3.2% | 2.2% | | 1.0 p.p. |
| BALANCE SHEET | | | | |
| Cash and Equivalents | 68,792 | 134,269 | -65,477 | -48.8% |
| Current Assets | 187,945 | 191,531 | -3,586 | -1.9% |
| Improvements to leased properties, construction in progress, furnishings and equipment | 1,394,054 | 1,206,070 | 187,984 | 15.6% |
| Non-current assets | 1,698,009 | 1,450,291 | 247,718 | 17.1% |
| Total Assets | 1,885,954 | 1,641,822 | 244,132 | 14.9% |
| Current portion of long-term debt | 104,246 | 231,568 | -127,322 | -55.0% |
| Current Liabilities | 490,700 | 534,251 | -43,551 | -8.2% |
| Long Term Debt | 428,542 | 182,787 | 245,755 | 134.4% |
| Non-current liabilities | 462,918 | 217,909 | 245,009 | 112.4% |
| Total Liabilities | 953,618 | 752,160 | 201,458 | 26.8% |
| Stockholders' equity | 932,336 | 889,664 | 42,672 | 4.8% |
| OTHERS | | | | |
| Number of Employees | 2,516 | 2,063 | 446 | 21.6% |

*EBITDA is calculated by adding to the Profit (loss) before Taxes, the Net Financing Expense and Depreciation and Amortization.

CONTACT

INVESTOR RELATIONS

inversionistas@sportsworld.com.mx
+52 (55) 5481 7777 ext. 105

CORPORATE SOCIAL RESPONSABILITY

guadalupe.vazquez@sporsworld.com.mx
+52 (55) 5481 7777 ext. 105

OFICINAS CORPORATIVAS

Vasco de Quiroga 3880
Nivel 2, Santa Fe Cuajimalpa
Cuajimalpa de Morelos, 05348
Mexico City
+52 (55) 5481 7777

SPORTSWORLD
.COM.MX



350°

360°