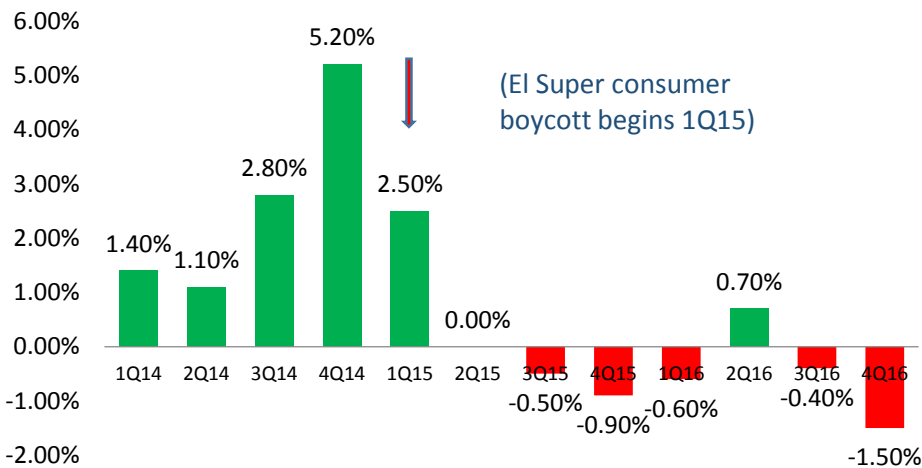


El Super 4Q16: SSS Fall Again As Trump Controversy Tarnishes El Super Brand

- Same store sales decline falls deeper into the red as consumer boycott engages over 2.7 million shoppers, with nearly 300,000 turned away
- 4Q16's SSS -1.5% decline is the largest in years and comes a year after a -0.9% decline in 4Q15, and continues the downward trend in 2-year stacked SSS
- Company officials cited deflation and "fear and uncertainty" in the immigrant community after the presidential elections as causes of the SSS decline, but the company also faced negative attention after revelations that a company executive had contributed to the Trump campaign

For the second quarter in a row El Super, the U.S. retail segment of Grupo Comercial Chedraui (CHDRAUI), posted negative same store sales. It was also the 6th time the company failed to post positive same store sales growth in the 8 quarters since the beginning of the U.S. consumer boycott.

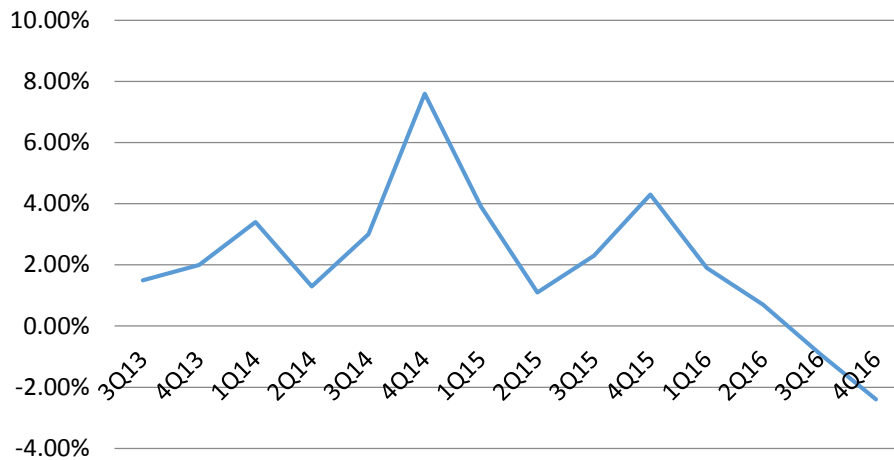
El Super same store sales



Company officials blamed food price deflation, particularly in produce, for the decline, but U.S. government statistics indicate much more modest rates of deflation than those cited by management. (Carlos Smith, CEO of the U.S. business told analysts the company had experienced a 7.5% rate of deflation in produce, while data from the U.S. Bureau of Labor Statistics showed U.S. produce prices declined just 2.0% on average in U.S. cities during the quarter.)

The 4Q16 decline in same store sales comes on top of a similar decline during the 4th quarter of 2015, continuing a trend of same store sales declines on a 2-year stacked basis

El Super: 2-yr Stacked SSS Fall Again



In addition to deflation, company officials cited a climate of “fear and uncertainty” gripping the Latino immigrant community in the United States in the wake of the election of Donald Trump, which they said had negatively impacted sales in the quarter and would likely to continue to do so during 2017. We have no doubt that the election of Donald Trump has created fear and uncertainty in the immigrant community, and with good reason. Unions representing immigrant workers have [clearly opposed](#) the new president’s policies related to immigration and labor.

And we agree that it is highly likely that immigrants may be wisely scaling back discretionary spending in the wake of the election, as has been [reported](#) elsewhere. However, we find it less credible that immigrants are purchasing less food and other staples, particularly food at home.

El Super & Trump

There is another way in which Trump’s election may be hurting sales at El Super and that is as a result of




the negative attention the company received, particularly in [Spanish language media](#), after revelations that a company vice president was a repeated financial donor to candidate Trump.

The official, Sal Marcianti, is VP of Supply Chain Management at El Super, and company officials issued a statement saying “like any corporation we do not have authority over the personal contributions which

employees make, and these do not reflect the point of view of the company.” But is the company’s point of view really that different from the new U.S. President?

Worker and community [protesters distributed leaflets](#) at Los Angeles El Super stores highlighting the donations by Marcianti and describing the Trump connection. As the flyer to the right points out, El Super violates labor laws, and flouts environmental health regulations, so is it any surprise the corporate culture among executives at such a firm would include Trump supporters? The consumer demographic that El Super targets as its customer base isn’t just an immigrant community, it is, largely, a working class community as well, and, clearly, the company’s ongoing hostility to its own employees and consumers will continue to represent a significant risk to the El Super brand, and an obstacle to sales growth in the future.

Donald Trump and El Super What’s the Connection?



According to Federal Election Commission records, El Super Vice President Sal Marcianti gave money to Donald Trump four times - less than two months before Election Day.

That’s right. An El Super Vice President made four separate donations to the man who has pledged to build a thousand-mile wall between the US and Mexico, and stated:

“When Mexico sends its people, they’re not sending their best. They’re sending people that have lots of problems, and they’re bringing those problems. They’re bringing drugs. They’re bringing crime. They’re rapists.” –Donald J. Trump’s speech announcing Presidential campaign, June 2015

El Super violates labor laws. It flouts environmental health regulations. Its Vice President for Supply Chain Management gave his money to support Donald Trump for President.

This company doesn’t deserve your business.

BOYCOTT El Super!