

## Grupo Sanborns S.A.B. de C.V. Earnings Report 2Q 2013

Mexico City, July 24, 2013 – Grupo Sanborns, S.A.B. de C.V. (“Grupo Sanborns”) (BMV: GSANBOR) announced today its results for the second quarter ended June 30, 2013.

### HIGHLIGHTS AND RELEVANT EVENTS

- **Net sales** reached \$9,417 MM Ps in the 2Q13, growing 2.3% compared to the 2Q12.
- **Gross profit** increased 4.2%, while gross margin grew 0.8 percentage points.
- On February 8, 2013, the global **Initial Public Offering of Grupo Sanborns S.A.B de C.V.** was completed. New investors hold 17.2% of Capital Stock, including the overallotment option, at the offering price of \$28.00 pesos per share. The subscribed capital was approximately 59.51% in the local market and 40.49% abroad, under the 144A/RegS rule. Grupo Sanborns continues to be a subsidiary of Grupo Carso S.A.B de C.V.
- On June 20, 2013 GSANBOR paid \$895 MM Ps, corresponding to \$0.38 pesos per share against delivery of coupon 27, being the first installment of the **dividend** of \$0.76 Ps per share declared in the Annual General Shareholders’ Meeting held on April 29, 2013.
- On June 7, 2013 HR Ratings ratified the short-term “HR+1” grade to issue bond certificates of Sears Operadora Mexico for \$2,000 MM Ps with a maturity of two years.

### FINANCIAL SUMMARY

Consolidated Results	2Q 2013	2Q 2012	Var%	6M13	6M12	Var%
Revenues	9,417	9,205	2.3%	18,490	17,795	3.9%
Gross Profit	3,851	3,694	4.2%	7,460	7,161	4.2%
Operating Income	1,097	1,052	4.3%	2,062	1,892	9.0%
Consolidated Net Income	829	746	11.2%	1,544	1,389	11.1%
EBITDA	1,270	1,218	4.3%	2,406	2,222	8.2%
Gross Margin	40.9%	40.1%		40.3%	40.2%	
Operating Margin	11.7%	11.4%		11.1%	10.6%	
EBITDA Margin	13.5%	13.2%		13.0%	12.5%	

### REVENUES

Sales for the second quarter reached \$9,417 MM Ps, growing 2.3% compared with the same period of the previous year. This was explained by the following reasons:

- an increase in total sales of 3.3% and 2.4% at Sears and Sanborns respectively, which offset a 6.3% reduction in iShop/MixUp, format that had lower product releases in 2012 coupled with increased competition;
- the performance of newly opened stores in 2013: Sears in Santa Fe and Colima, Sanborns in Samara and iShop in Parque Delta, as well as non-comparable stores opened in 2012 and lastly;
- an increase of 6.6% in consumer credit income, amount that reached \$ 665 MM Ps compared with \$624 MM Ps in the 2Q12.



**Revenues by Format**

(MM Ps)	2Q 2013	2Q 2012	Var%	6M13	6M12	Var%
Sears	4,987	4,829	3.3%	9,393	8,968	4.7%
Sanborns	2,956	2,887	2.4%	6,020	5,868	2.6%
iShop/Mixup	897	957	-6.3%	1,966	1,922	2.3%
Other*	577	533	8.3%	1,111	1,037	7.1%
<b>Total</b>	<b>9,417</b>	<b>9,205</b>	<b>2.3%</b>	<b>18,490</b>	<b>17,795</b>	<b>3.9%</b>

\*See the definition of "Other" in the Notes section.

**Same Store Sales (SSS)**

SSS	2Q 2013	2Q 2012	6M13	6M12
Sears	1.9%	4.0%	3.8%	2.8%
Sanborns	0.9%	4.6%	1.2%	5.1%
iShop y Mixup	-10.3%	15.8%	-0.6%	14.4%

Credit Indicators	2Q 2013	2Q 2012	Var%
Loan Portfolio (MM Ps)	8,520	8,042	6.0%
Num. Credit cards issued (MM)	2.96	2.77	6.9%
Non-performing loans (%)	2.4%	2.4%	

At the end of June 2013 the loan portfolio of Grupo Sanborns totaled \$8,520 MM Ps, representing a 6.0% growth. The number of credit cards issued increased 6.9% from 2.77 to 2.96 million cards. The percentage of non-performing loans was steady at 2.4%.

**COGS AND SG&A**

From April to June 2013 the cost as a percentage of sales decreased 0.8 percentage points, leading to an improvement in gross margin from 40.1 to 40.9%. This was explained by lower promotions without interest in Sears and Sanborns as well as growth in credit revenue.

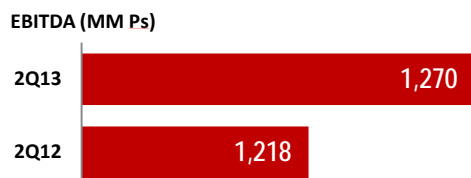
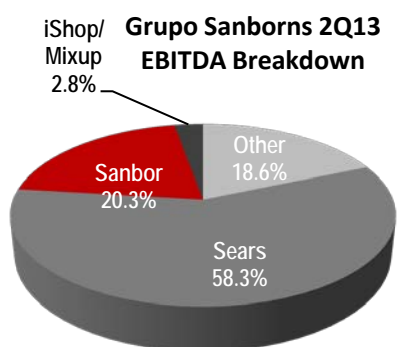
Consolidated operating expenses for the quarter represented 29.7% of sales, or a 0.5 percentage points increase derived from the opening of new stores and non-comparable stores in Sanborns. It is important to highlight that discipline was maintained in selling and administrative expenses at Sears.

**OPERATING INCOME AND EBITDA**

Operating income increased 4.3% in the second quarter reaching \$1,097 MM Ps. This represented an increase of 0.3 percentage points in the margin which rose from 11.4% to 11.7%.

Similarly, EBITDA for the quarter totaled \$1,270 MM Ps or an increase of 4.3% compared to the 2Q12, with a margin of 13.5%.





**COMPREHENSIVE FINANCIAL COST**

Financial Results	2Q 2013	2Q 2012	Var%	6M13	6M12	Var%
Interest Expenses	-17	-27	-37.2%	-58	-49	19.9%
Income (Loss) on derivatives net	0	0	0.0%	0	45	-100.0%
Income (Loss) change in value of fin. instrum.	0	0	0.0%	0	0	0.0%
Interest Income	98	44	125.4%	144	63	126.4%
<b>Interest (net)</b>	<b>81</b>	<b>16</b>	<b>392.7%</b>	<b>85</b>	<b>60</b>	<b>42.2%</b>
ForEx Results	6	-12	NA	6	5	18.6%
<b>CFR</b>	<b>87</b>	<b>4</b>	<b>1949.5%</b>	<b>91</b>	<b>65</b>	<b>40.5%</b>

NA= Not applicable

During the 2Q13 a higher net interest income as well as a ForEx gain were recorded, generating a positive integral financial result of \$87 MM Ps, compared to a CFR of \$4 MM Ps recorded in the 2Q12 and which included a ForEx loss of \$12 MM Ps.

**NET INCOME**

Consolidated net income in the 2Q13 increased 11.2% reaching \$829 MM Ps, compared to a net income of \$476 MM Ps recorded in the 2Q12. This reflected both the improvement in operating and financial results.

**FINANCIAL STRUCTURE**

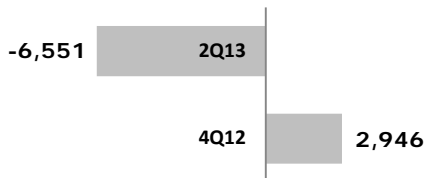
Net bank debt at the end of June 2013 stood at (\$6,551) MM Ps, compared with a net debt of \$2,945 MM Ps recorded at the end of December 2012. This was attributable to two reasons: i) an increase of 181.4% in cash and cash equivalents due to the IPO in which net proceeds totaled \$11,349 MM Ps and ii) full payment of interest-bearing liabilities by a total of \$5,273 MM Ps.



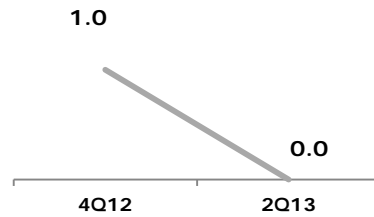


It should be noted that on June 17, 2013 the Mexican Exchange Commission (CNBV) authorized the issuance of stock certificates of Sears Operadora Mexico for \$ 2,000 MM Ps with a maturity of two years.

Net Debt (MM Ps)



Total Debt/LTM EBITDA



**OPENING OF STORES**

At June 30, 2013, the sales area totaled 976,491 sq meters with 415 units.

Sales Area	June 2013		June 2012	
	Units	Sq meters	Units	Sq meters
Sears	78	612,080	79	615,229
Sanborns	167	252,188	163	246,142
iShop/Mixup	108	40,323	108	41,585
Other*	62	71,900	66	73,997
<b>Total</b>	<b>415</b>	<b>976,491</b>	<b>416</b>	<b>976,953</b>

Regarding the main formats of the Group, the store openings during the quarter included one Sanborns store in the Samara shopping center in Santa Fe and one iShop store in Parque Delta, both in Mexico City.

**Analyst Coverage of the Stock**

In compliance with the maintenance requirements set forth in the 4.033.01 provision of the Internal Rules of Procedure of the BMV, GCARSO informs about the Analysts and/or Brokerage Firms that cover its stock:

- |                             |                                  |
|-----------------------------|----------------------------------|
| Actinver Casa de Bolsa      | Gustavo Teran/David Foulkes      |
| Citibank Banamex            | Julio R. Zamora/Marcela Muñoz    |
| Credit Suisse Casa de Bolsa | Antonio Gonzalez/Armando Perez   |
| Grupo Bursátil Mexicano     | Luis R. Willard/Bernardo Vélez   |
| HSBC                        | Juan Carlos Mateos/Ivan Enriquez |
| Morgan Stanley              | Jeronimo de Guzman/Lore Serra    |





ADDITIONAL TABLES

Income Statement (MM Ps)	2Q13			2Q12			6M13			6M12			Million DOLLARS		
			Var %			Var %			Var %			Var %	2Q13	2Q12	Var %
Revenues	8,752	92.9%	2.0%	8,581	93.2%	2.0%	17,167	92.8%	3.8%	16,546	93.0%	3.8%	702	635	10.6%
Consumer Credit Income	665	7.1%	6.6%	624	6.8%	6.6%	1,324	7.2%	6.0%	1,249	7.0%	6.0%	53	46	15.6%
<b>Total Revenues</b>	<b>9,417</b>	<b>100.0%</b>	<b>2.3%</b>	<b>9,205</b>	<b>100.0%</b>	<b>2.3%</b>	<b>18,490</b>	<b>100.0%</b>	<b>3.9%</b>	<b>17,795</b>	<b>100.0%</b>	<b>3.9%</b>	<b>755</b>	<b>681</b>	<b>10.9%</b>
COGS	5,566	59.1%	1.0%	5,511	59.9%	1.0%	11,031	59.7%	3.7%	10,635	59.8%	3.7%	446	408	9.5%
<b>Gross Profit</b>	<b>3,851</b>	<b>40.9%</b>	<b>4.2%</b>	<b>3,694</b>	<b>40.1%</b>	<b>4.2%</b>	<b>7,460</b>	<b>40.3%</b>	<b>4.2%</b>	<b>7,161</b>	<b>40.2%</b>	<b>4.2%</b>	<b>309</b>	<b>273</b>	<b>13.0%</b>
SG&A	2,793	29.7%	4.1%	2,683	29.1%	4.1%	5,437	29.4%	2.3%	5,314	29.9%	2.3%	224	199	12.9%
Other (income) expenses	39	0.4%	-4.2%	41	0.4%	-4.2%	39	0.2%	-14.7%	45	0.3%	-14.7%	3	3	3.9%
<b>Operating Income</b>	<b>1,097</b>	<b>11.6%</b>	<b>4.3%</b>	<b>1,052</b>	<b>11.4%</b>	<b>4.3%</b>	<b>2,062</b>	<b>11.1%</b>	<b>9.0%</b>	<b>1,892</b>	<b>10.6%</b>	<b>9.0%</b>	<b>88</b>	<b>78</b>	<b>13.0%</b>
Comprehensive Financial Result	87	0.9%	1949.5%	4	0.0%	1949.5%	91	0.5%	40.5%	65	0.4%	40.5%	7	0	2121.7%
Part. In Non-controlling Subs.	0	0.0%	0.0%	0	0.0%	0.0%	0	0.0%	0.0%	0	0.0%	0.0%	0	0	0.0%
<b>Income before Taxes</b>	<b>1,184</b>	<b>12.6%</b>	<b>12.1%</b>	<b>1,056</b>	<b>11.5%</b>	<b>12.1%</b>	<b>2,153</b>	<b>11.6%</b>	<b>10.0%</b>	<b>1,957</b>	<b>11.0%</b>	<b>10.0%</b>	<b>95</b>	<b>78</b>	<b>0.8%</b>
Taxes	354	3.8%	14.4%	310	3.4%	14.4%	609	3.3%	7.2%	568	3.2%	7.2%	28	23	24.0%
<b>Consolidated Net Income</b>	<b>829</b>	<b>8.8%</b>	<b>11.2%</b>	<b>746</b>	<b>8.1%</b>	<b>11.2%</b>	<b>1,544</b>	<b>8.4%</b>	<b>11.1%</b>	<b>1,389</b>	<b>7.8%</b>	<b>11.1%</b>	<b>67</b>	<b>55</b>	<b>20.5%</b>
<b>EBITDA</b>	<b>1,270</b>	<b>13.5%</b>	<b>4.3%</b>	<b>1,218</b>	<b>13.2%</b>	<b>4.3%</b>	<b>2,406</b>	<b>13.0%</b>	<b>8.2%</b>	<b>2,222</b>	<b>12.5%</b>	<b>8.2%</b>	<b>102</b>	<b>90</b>	<b>13.0%</b>

(MM Ps)	2Q13			2Q12			Million DOLLARS		
			Var %			Var %	2Q13	2Q12	Var %
Cash & Equivalents	6,550.8	2,327.9	181.4%	525.5	179.6	192.6%	525.5	179.6	192.6%
Total Assets	34,697.2	31,201.5	11.2%	2,783.4	2,407.4	15.6%	2,783.4	2,407.4	15.6%
Total Interest-bearing debt	0.0	5,273.0	NA	0.0	406.9	NA	0.0	406.9	NA
% Ps. Denominated	0%	99%	0.0%	0%	8%	0.0%	0%	8%	0.0%
% Long Term	0%	0%	0.0%	0%	0%	0.0%	0%	0%	0.0%
Net Debt	-6,550.8	2,945.2	NA	-525.5	227.2	NA	-525.5	227.2	NA
Total Liabilities	8,684.2	15,972.7	-45.6%	696.6	1,232.4	-43.5%	696.6	1,232.4	-43.5%
Stockholder's Equity	26,013.0	15,228.8	70.8%	2,086.7	1,175.0	77.6%	2,086.7	1,175.0	77.6%
Shares Outstanding ('000)	2,355,000	2,355,000	0.0%	NA	NA	0.0%	NA	NA	0.0%
Stock Price*	28.9	NA	NA	2.32	NA	NA	2.32	NA	NA

\*Started quoting on 02/08/13 at \$28.00 pesos per share

NA=Not Applicable





**ABOUT GRUPO SANBORNS**

Grupo Sanborns is a leader in the retail market in Mexico. The Company has a unique portfolio of multiple formats including department stores, specialized stores, entertainment and electronics, convenience, luxury and restaurants, with highly recognized brands such as Sears, Sanborns, Sanborns Café, iShop-Mixup, Saks Fifth Avenue, eduMac and DAX. Grupo Sanborns has presence in 53 cities in Mexico with more than 400 stores and a sales area of nearly 1 million square meters, offering a broad value proposition to our customers, which include more than 2.8 million cardholders.

**CONFERENCE CALL**

Date: Thursday June 25, 2013  
Time: 10:00 a.m. Mexico City Time,  
11:00 a.m. NY Time (EDT)  
Access Number: International and Mexico: (617) 209-4678  
Toll Free US: (855) 596-0283  
ID#: 20654253

**INVESTOR RELATIONS CONTACT**

Angélica Piña  
T. +52 (55) 2122-2656  
[napinag@condumex.com.mx](mailto:napinag@condumex.com.mx)

**NOTES**

**Legend:** MM million, Ps Pesos

**Other:** includes DAX, Sanborns Café Restaurants, Saks Fifth Avenue, Sears and Sanborns stores in Central America, Seven Boutiques, Pam Pam industrial catering, Sanborns and Mixup credit cards and Plaza Loreto and Plaza Inbursa malls, royalties and corporate charges paid by our subsidiaries to Grupo Sanborns as well as eliminations of transactions between subsidiarias.

**EBITDA** is calculated as comprehensive income plus depreciation and amortization, income taxes, interest expense, foreign exchange loss, loss on valuation of derivatives and the effect of conversion of investments in companies abroad, less interest income, exchange gain and gain on valuation of derivative financial instruments.

**ROIC:** Measured as operating income after tax / (Property, plant and equipment net + net working capital).

**BMV:** Mexican Stock Exchange or MSE

**CNBV:** National Banking and Securities in Mexico or NBSC

**E.U.A.:** USA

\*\*\*\*\*

**Limitation of Liabilities**

This earnings release contains certain forecasts or projections that reflect the current views or expectations of Grupo Sanborns and its management regarding its performance, business and future events. Grupo Sanborns utilizes words like "believe," "anticipate," "plan," "expect," "intend," "target," "guidance," "should" and similar expressions to identify forward-looking statements, but are not the only way that are mentioned thereto. Such statements are subject to certain risks, uncertainties and assumptions that are detailed in the prospectus of the Group and that could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in this release. Grupo Sanborns is not subject to obligation and expressly disclaims any intention or obligation to update or revise any forecasts or projections that may result from new information, future events or otherwise.

