

Grupo Sanborns S.A.B. de C.V.
Earnings Report
4Q 2014

Mexico City, February 26, 2015 – Grupo Sanborns, S.A.B. de C.V. (BMV: GSANBOR OTC: GSAOY) announced today its results for the fourth quarter and full year 2014.

HIGHLIGHTS AND RELEVANT EVENTS

- **Total sales** grew 4.4% during the quarter and 1.7% during the year.
- **Sears** increased 4.3% its total sales and 1.5% its SSS in the 4Q14. Excluding the stores under renovation Sears increased 6.0% its total sales and 3.1% its SSS.
- **iShop/MixUp** increased 17.7% its total sales and 10.3% its SSS in the 4Q14.
- The **credit portfolio** reached \$10,305 MM being 6.7% higher than in the 4Q13.
- Quarterly **net income** increased 5.5% totaling \$1,272 MM.
- One Sears, three Sanborns and four iShop stores were opened in the 4Q14. The retail area increased 2.7% reaching 1,032,319 Sqm at the end of the year.

FINANCIAL SUMMARY (Million Pesos MXN MM Ps)

Consolidated Results	4Q14	4Q13	Var%	2014	2013	Var%
Revenues	13,665	13,091	4.4%	41,203	40,514	1.7%
Gross Profit	5,112	4,984	2.6%	16,263	16,088	1.1%
Operating Income	1,890	2,042	-7.4%	4,428	5,006	-11.5%
Controlling Net Income	1,272	1,206	5.5%	2,922	3,233	-9.6%
EBITDA	1,882	2,014	-6.6%	5,028	5,500	-8.6%
Gross Margin	37.4%	38.1%		39.5%	39.7%	
Operating Margin	13.8%	15.6%		10.7%	12.4%	
EBITDA Margin	13.8%	15.4%		12.2%	13.6%	

REVENUES

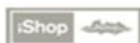
Total sales of Grupo Sanborns reached \$13,665 million pesos during the fourth quarter of the year, representing a 4.4% increase or \$574 million pesos more.

The performance of fashion and big-ticket plus stood out at Sears, format which posted a 4.3% increase in sales. Excluding the stores under renovation, the increase in sales went up to 6.0%.

Due to the introduction of new Apple models, iShop/MixUp increased 17.7% its sales, while Sanborns showed a recovery in the trend of previous quarters, recording a performance of -0.8%.

On a cumulative basis, total sales increased 1.7% from \$40,514 million pesos in 2013 to \$41,203 million in 2014. The sales of Sears increased 2.6% and posted a 5.0% growth without considering the stores under renovation. iShop/MixUp increased its sales 7.1% and Sanborns reported -2.0% during the year.

Regarding **same store sales (SSS)**, a quarter-over-quarter improvement was observed in all the formats as follows: 1.5% in Sears, 10.3% in iShop/MixUp and -1.8% in Sanborns.





During the 4Q14 Sears had 11 stores partially closed due to the renovation process. Excluding these units, the SSS of the format posted a 3.1% increase. In the case of Sanborns the performance without the stores under renovation was -1.7%.

Same Stores Sales (SSS)

SSS	4Q14	4Q13	2014	2013
Sears	1.5%	0.1%	-0.1%	1.4%
<i>Sears ex/R</i>	3.1%	0.3%	1.5%	1.6%
Sanborns	-1.8%	-1.6%	-2.9%	-0.7%
<i>Sanborns ex/R</i>	-1.7%	-1.4%	-2.6%	-0.5%
iShop y Mixup	10.3%	5.7%	1.6%	0.6%

Ex/R: Excluding stores under renovation

Revenues by Format

(MM Ps)	4Q14	4Q13	Var%	2014	2013	Var%
Sears	7,329	7,027	4.3%	21,623	21,074	2.6%
Sanborns	3,838	3,869	-0.8%	12,396	12,647	-2.0%
iShop/Mixup	1,805	1,534	17.7%	4,813	4,494	7.1%
Other*	692	661	4.7%	2,371	2,300	3.1%
Total	13,665	13,091	4.4%	41,203	40,514	1.7%

Credit Indicators	4Q14	4Q13	Var%
Credit Portfolio (MM Ps)	10,305	9,661	6.7%
Num. Credit cards issued (MM)	3.27	3.06	6.8%
Non-performing loans (%)	3.4%	2.9%	

Regarding the **credit business**, 209 thousand cardholders were added during the year, increasing the number of our own cards to 3.27 million plastics, compared to 3.06 million at the end of December 2013. **The credit portfolio increased 6.7%** reaching \$10,305 million pesos or \$644 million pesos more.

The non-performing loans (NPLs) indicator is below the market. The percentage of NPLs over 90 days was 3.4%, which is above 2.9% from the previous year, but showed an improvement compared to 3.8% in the third quarter of 2014.

Credit revenues went from \$687 to \$692 MM Ps representing an increase of 0.8% in the 4Q14. Cumulatively, credit income increased 4.4%.

COSTS AND SG&A

During the fourth quarter of the year the cost as percentage of sales increased 70 basis points, having an effect in the gross margin which went from 38.1% to 37.4%; the margin in pesos had an increase of 2.6%. This was due to the sales mix, with a greater contribution of lower margin categories mainly in iShop, and to a lesser extent in Sanborns, while Sears increased its gross margin.

Operating and administrative expenses represented 25.6% and 29.5% of sales during the 4Q14 and full year 2014, respectively. This represented a quarterly increase of 30 basis points and an annual increase of 100 basis points due to the following reasons: i) the effect on results of a higher provision for non-performing loans and ii) additional expenses and depreciation resulting from the expansion plan and the renovation of stores.



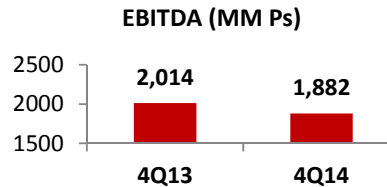
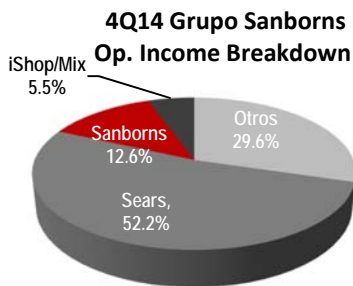


OPERATING INCOME AND EBITDA

Operating income during the fourth quarter of the year totaled \$1,890 MM Ps with a margin of 13.8%. This represented a reduction of 7.4% driven by a lower gross margin and by higher operating expenses mentioned previously; as well as the recording of \$275 million pesos as Other Income, of which \$221 million come from the appraisal of investment properties.

Other Income from the appraisal of investment properties of \$221 million in the 4Q14 and \$210 million in the 4Q13 were not considered for purposes of the EBITDA calculation. Therefore, EBITDA totaled \$1,882 million in the 4Q14 and \$2,014 million in the 4Q13.

Regarding cumulative Operating Income and EBITDA, these items totaled \$4,428 and \$5,028 million pesos respectively.



COMPREHENSIVE FINANCIAL COST

Financial Results	4Q14	4Q13	Var%	2014	2013	Var%
Interest Expenses	-20	-45	-55.6%	-103.5	-121.7	-15.0%
Income (Loss) on derivatives net	0	0	0.0%	0	0	0.0%
Income (Loss) change in value of fin. instrum.	0	0	0.0%	0	0	0.0%
Interest Income	119	137	-13.3%	345	370	-6.6%
Interest (net)	99	92	7.4%	242	248	-2.5%
ForEx Results	-28.3	-0.3	NA	-33	3	NA
CFR	71	92	-23.1%	208	251	-17.1%

NA= Not applicable

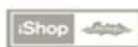
Due to a ForEx loss, a lower positive comprehensive financial result (CFR) of \$71 MM Ps was recorded during the 4Q14; in comparison to a positive CFR of \$92 MM Ps in the 4Q13.

In cumulative terms, a ForEx loss coupled with lower net interests were reflected in the CFR, which totaled \$208 MM Ps and was 17.1% lower than the CFR recorded during 2013.

NET INCOME

Controlling net income increased 5.5% in the last quarter of the year, reaching \$1,272 million pesos, compared to \$1,206 million recorded in the 4Q13.

Cumulative net income totaled \$2,922 million pesos compared to a net income of \$3,233 million recorded in 2013.

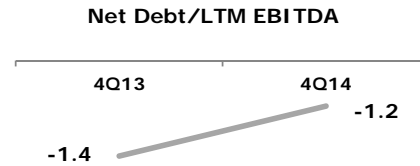
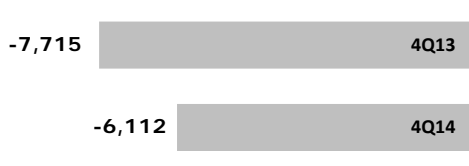




FINANCIAL STRUCTURE

At December 31, 2014, Grupo Sanborns had zero debt. The amount of cash and short-term investments totaled \$6,112 MM Ps compared to \$7,715 MM Ps at the end of December 2013. This reduction of \$1,603 MM Ps in cash was explained by the financing of the expansion plan and the payment of dividends.

Net Debt (MM Ps)



CAPITAL EXPENDITURES (CapEx)

During the year CapEx increased 52.0%, reaching \$2,546 MM Ps compared to \$1,675 MM Ps of investments made during the same period of the previous year.

NEW UNITS

Sales area reached 1,032,319 Sqm at December 31, 2014 comprising 430 units, which represented an increase of 2.7% or 26,909 Sqm more than the prior year. Sears increased 4.3% its retail space while Sanborns increased 0.7%.

During the quarter the following changes in stores were carried out:

- Sears Celaya Galerías opened in the State of Guanajuato,
- Three Sanborns were opened: WTC in Mexico City, Toreo in the State of Mexico and Monterrey Nuevo Sur in Nuevo Leon. Sanborns Torreon in Coahuila and Sanborns Toreo (relocation) were closed, as well as 2 Sanborns Café: Tijuana Playas and Pabellon Guadalajara.
- Four iShop stores were opened: Campeche, Serdan Puebla and the stores of Toreo and Toluca in the State of Mexico .

During the year the following changes in stores were carried out:

- 3 Sears stores were opened,
- 5 Sanborns were opened and 4 closed, including the relocation of the Toreo store,
- 12 iShop stores were opened and 6 MixUp stores were closed.

Sales Area	December 2014			December 2013			sqm Var%
	Units	Sq meters	Leasable	Units	Sq meters	Leasable	
Sears	83	663,126		80	635,895		4.3%
Sanborns	170	258,140		169	256,428		0.7%
iShop/Mixup	117	39,587		111	40,417		-2.1%
Other*	60	71,466		63	72,670		-1.7%
Shopping Centers	2		71,225	2		73,725	-3.4%
Total	430	1,032,319		423	1,005,410		2.7%

* Includes stores in Central America, Sanborns Café, DAX stores, Saks Fifth Avenue and Boutiques. Shopping Centers are Plaza Inbursa and Plaza Loreto.



RENOVATIONS

Sears

As scheduled, the major renovations of 2 Sears stores were completed: Tangamanga in San Luis Potosi and WTC in Mexico City. Also the 3 partial renovations of the stores located in Queretaro, Leon Plaza and Xalapa Plaza were completed.

The progress in different stages of the renovations of 6 Sears stores continue, to deliver 4 stores in the 1Q15 and 2 stores in the 2Q15.

SEARS			SANBORNS		
	Status	Delivery Date		Status	Delivery Date
New Stores			New Stores		
Mazatlan		2Q14	Bamer		2Q14
Los Mochis		2Q14	Veracruz El Dorado		3Q14
Celaya Galerias		4Q14	WTC		4Q14
Monterrey Esfera		2Q15	Toreo (relocation)		4Q14
			Monterrey Nuevo Sur		4Q14
Renovations			Renovations		
Major:			Major:		
Plaza Universidad		2Q14	Hermosillo		2Q14
Forjadores Tijuana		2Q14	Veracruz Américas		2Q14
Merida Plaza		1Q15	Toluca Centro		3Q14
Tangamanga SLP		4Q14	Pedregal		3Q14
WTC		4Q14			
Monterrey San Agustin	Stage III	1Q15			
Lindavista	Stage III	1Q15			
Satelite (Expansion)	Stage I	2Q15			
Partial:					
Queretaro		4Q14			
Leon Plaza		4Q14			
Xalapa Plaza		4Q14			
Metepec	Stage I	1Q15			
Ensenada	Stage I	2Q15			

WORKING CAPITAL

The balance of the inventories account at December 31, 2014 was \$8,966 MM Ps, being 1.2% lower than the balance at December last year. The accounts payable to suppliers were \$6,283 MM Ps, amount 2.1% lower than the figure recorded in the 4Q13. Lastly, accounts receivable net totaled \$10,131 MM Ps being 7.1% higher than the balance recorded at the same item at end-4Q13.

CONFERENCE CALL

Date: Friday February 27, 2015
Time: 10:00 A.M. Mexico City Time/11:00 A.M. NY Time (US EST)
Access Number: International and Mexico: +1(412) 317-6776
Toll Free US: +1(877) 317-6776
Conference ID: Grupo Sanborns

INVESTOR RELATIONS CONTACT

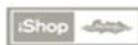
Angelica Piña
T. +52 (55) 1101-2956
napinag@condumex.com.mx

NOTES

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 subsidiaries.

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.



ADDITIONAL CHARTS

Income Statement (MXN MM)										(MM USD)			
	4Q14		4Q13		Var %	2014		2013		Var %	4Q14	4Q13	Var %
Revenues	12,973	94.9%	12,404	94.8%	4.6%	38,390	93.2%	37,819	93.3%	1.5%	937	952	-1.6%
Consumer Credit Income	692	5.1%	687	5.2%	0.8%	2,813	6.8%	2,695	6.7%	4.4%	50	53	-5.1%
Total Revenues	13,665	100.0%	13,091	100.0%	4.4%	41,203	100.0%	40,514	100.0%	1.7%	987	1,005	-1.7%
COGS	8,553	62.6%	8,106	61.9%	5.5%	24,940	60.5%	24,426	60.3%	2.1%	618	622	-0.7%
Gross Profit	5,112	37.4%	4,984	38.1%	2.6%	16,263	39.5%	16,088	39.7%	1.1%	369	383	-3.5%
SG&A	3,497	25.6%	3,318	25.3%	5.4%	12,153	29.5%	11,530	28.5%	5.4%	253	255	-0.8%
Other income (expenses)	275	2.0%	376	2.9%	-26.8%	318	0.8%	448	1.1%	-28.9%	20	29	-31.1%
Operating Income	1,890	13.8%	2,042	15.6%	-7.4%	4,428	10.7%	5,006	12.4%	-11.5%	137	157	-12.9%
Comprehensive Financial Result	71	0.5%	92	0.7%	-23.1%	208	0.5%	251	0.6%	-17.1%	5	7	-27.6%
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%
Income before Taxes	1,960	14.3%	2,134	16.3%	-8.1%	4,637	11.3%	5,258	13.0%	-11.8%	142	164	-13.5%
Taxes	558	4.1%	815	6.2%	-31.5%	1,432	3.5%	1,710	4.2%	-16.3%	40	63	-35.5%
Consolidated Net Income	1,402	10.3%	1,319	10.1%	6.3%	3,205	7.8%	3,548	8.8%	-9.7%	101	101	0.1%
Profit attributable to non-controlling int.	130	1.0%	113	0.9%	15.3%	283	0.7%	315	0.8%	-10.2%	9	9	8.5%
Profit attributable to owners of parent Co.	1,272	9.3%	1,206	9.2%	5.5%	2,922	7.1%	3,233	8.0%	-9.6%	92	93	-0.7%
EBITDA	1,882	13.8%	2,014	15.4%	-6.6%	5,028	12.2%	5,500	13.6%	-8.6%	136	155	-12.1%

Balance Sheet figures (MXN MM)				(MM USD)		
	4Q14	4Q13	Var %	4Q14	4Q13	Var %
Cash & Equivalents	3,572.5	5,092.8	-29.9%	258.1	390.9	-34.0%
Short T. Investments	2,539.7	2,622.2	-3.1%	183.5	201.3	-8.8%
Trade Receivables, Net	10,130.8	9,462.9	7.1%	731.9	726.3	0.8%
Inventories	8,966.0	9,070.6	-1.2%	647.7	696.2	-7.0%
Other Current Assets	550.2	729.4	-24.6%	39.7	56.0	-29.0%
Current Assets	25,759.3	26,977.9	-4.5%	1,861.0	2,070.7	-10.1%
Accounts Receivable, Net	46.0	57.5	-20.0%	3.3	4.4	-24.7%
Other investments	1.4	1.4	0.0%	0.1	0.1	-5.9%
PP&E, Net	11,358.7	9,733.2	16.7%	820.6	747.1	9.8%
Investment Property	1,908.6	1,687.7	13.1%	137.9	129.5	6.4%
Intangible Assets, Net	1.5	1.7	-16.0%	0.1	0.1	-20.9%
Other Non-Current Assets	1,044.6	908.5	15.0%	75.5	69.7	8.2%
Non-Current Assets	14,360.7	12,390.0	15.9%	1,037.5	951.0	9.1%
Total Assets	40,120.0	39,367.9	1.9%	2,898.4	3,021.7	-4.1%
Short-Term Bank Loans	0.0	0.0	0.0%	0.0	0.0	0.0%
Trade Payables	6,283.2	6,417.0	-2.1%	453.9	492.5	-7.8%
Taxes Payable	1,367.1	1,257.5	8.7%	98.8	96.5	2.3%
Other Current Liabilities	2,413.0	2,255.4	7.0%	174.3	173.1	0.7%
Current Liabilities	10,063.4	9,929.9	1.3%	727.0	762.2	-4.6%
Long-Term Bank Loans	0.0	0.0	0.0%	0.0	0.0	0.0%
Deferred Tax Liabilities	787.9	1,335.3	-41.0%	56.9	102.5	-44.5%
Other Non-Current Liabilities	325.8	91.3	0.0%	23.5	7.0	235.9%
Non-Current Liabilities	1,113.7	1,426.6	0.0%	80.5	109.5	-26.5%
Total Liabilities	11,177.1	11,356.5	-1.6%	807.5	871.7	-7.4%
Stockholder's Equity	28,942.9	28,011.4	3.3%	2,090.9	2,150.0	-2.7%
Shares Outstanding ('000)	2,337,511	2,355,000	-0.7%	0.0	0.0	0.0%
Stock Price	22.98	27.65	-16.9%	1.7	2.1	-21.8%
NA=Not Applicable						