



**Grupo Sanborns S.A.B. de C.V.**  
**Earnings Report**  
**1Q 2015**

Mexico City, April 23, 2015 – Grupo Sanborns, S.A.B. de C.V. (BMV: GSANBOR OTC: GSAOY) announced today its results for the first quarter of 2015.

**HIGHLIGHTS AND RELEVANT EVENTS**

- **Total sales** grew 10.0% during the first quarter of the year.
- The **credit portfolio** reached \$9,663 MM being 7.9% higher than in the 1Q14.
- **Operating income** and **EBITDA** increased 5.7% and 7.8%, respectively.

**FINANCIAL SUMMARY (Million Pesos MXN MM Ps)**

Consolidated Results	1Q15	1Q14	Var%
Revenues	9,927	9,024	10.0%
Gross Profit	3,882	3,644	6.5%
Operating Income	888	840	5.7%
Controlling Net Income	558	549	1.6%
EBITDA	1,112	1,031	7.8%
Gross Margin	39.1%	40.4%	
Operating Margin	8.9%	9.3%	
EBITDA Margin	11.2%	11.4%	

**REVENUES**

During the first quarter of the year, **total sales** of Grupo Sanborns reached \$9,927 million, representing an increase of 10.0% or \$903 million pesos more. All of the formats contributed with more sales to the consolidated figures.

An **improvement in the sequential numbers** as well as year over year was observed in the same store sales (SSS), recording a consolidated increase of 8.6%.

These results were due to higher traffic at the stores and an increase in the average ticket. The stores that were recently opened such as: Universidad, Forjadores, Tangamanga and WTC contributed with higher sales after completing its renovation as well as the 12 new iShop stores that were opened in the second and the third quarter of 2014.

Credit Indicators	1Q15	1Q14	Var%
Credit Portfolio (MM Ps)	9,663	8,958	7.9%
Num. Credit cards issued (MM)	3.31	3.12	6.1%
Non-performing loans (%)	3.1%	3.1%	

Regarding the credit business, the non-performing loans (NPLs) indicator is below the market. The percentage of NPLs over 90 days was 3.1%, which remained constant compared to the previous year, but showed an improvement compared to 3.4% in the fourth quarter of 2014. Credit revenues went from \$730 to \$750 million pesos representing an increase of 2.8% in the 1Q15.



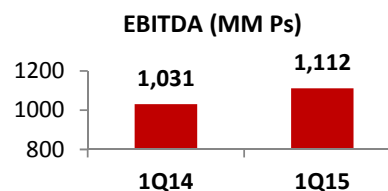
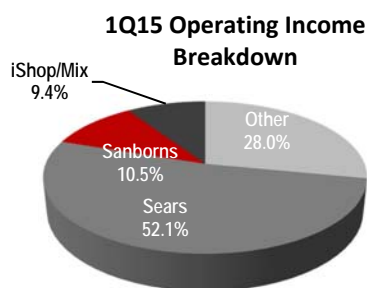
**COSTS AND SG&A**

In the first quarter of the year costs as a proportion of sales increased 130 basis points. Gross profit in peso terms had an increase of 6.5%. This was mainly due to sales volumes.

Operating and administration expenses decreased 110 basis points, going from 31.1% to 30.0% of sales. This was explained by a strict control on expenses despite a 17.0% increase in depreciation.

**OPERATING INCOME AND EBITDA**

Regarding operating income and EBITDA, these items totaled \$888 and \$1,112 million pesos, representing increases of 5.7% and 7.8%, respectively. Operating margin stood at 8.9% while the EBITDA margin was 11.2%.



**COMPREHENSIVE FINANCIAL RESULT**

(MM MXN)			
Financial Results	1Q15	1Q14	Var%
Interest Expenses	-27	-28	-4.3%
Income (Loss) on derivatives net	0	0	0.0%
Income (Loss) change in value of fin. instrum.	0	0	0.0%
Interest Income	57	78	-26.7%
<b>Interest (net)</b>	<b>30</b>	<b>50</b>	<b>-39.2%</b>
ForEx Results	-9.8	-2.1	357.9%
<b>CFR</b>	<b>21</b>	<b>48</b>	<b>-56.9%</b>

NA= Not applicable

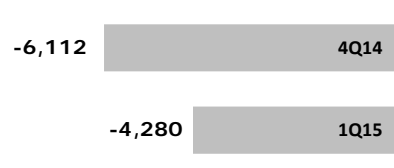
During the 1Q15 lower net interests as well as a ForEx loss were reflected in the Comprehensive Financial Result (CFR), which totaled \$21 MM Ps and was 56.9% lower than the CFR recorded of \$48 million pesos during the 1Q14.

**NET INCOME**

Controlling net income increased 1.6% in the first quarter of the year, reaching \$558 million pesos, compared to \$549 million recorded in the 1Q14.



**Net Debt (MM Ps)**



**Net Debt/LTM EBITDA**



**FINANCIAL STRUCTURE**

At March 31, 2015, Grupo Sanborns had zero debt. The amount of cash and short-term investments totaled \$4,280 MM Ps compared to \$6,112 MM Ps at the end of December 2014. This decrease of \$1,832 million in cash was due to the payment of suppliers, the expansion plan and share repurchases.

**CAPITAL EXPENDITURES (CapEx)**

During the first quarter, capital expenditures increased 65.4%, reaching \$493 million pesos compared to \$298 million during the same period of the previous year. Estimated CapEx for 2015 is about \$2,950 million pesos for 12 new stores and 17 renovations of the 3 main formats, detailed below.

**UNITS**

Sales area reached 1,026,736 Sqm at March 31, 2015 comprising 419 units, which represented an increase of 2.3% in the consolidated area compared to the previous year.

During the 1Q15 the following changes in stores were carried out:

- 2 Sanborns in Mexico City were closed: Polanco and Palmas,
- 6 MixUp music stores were closed: Plaza Insurgentes, Discolandia-Viaducto, Duraznos and Coyoacán in Mexico City, Lomas Verdes in the State of Mexico and Gran Plaza Guadalajara store, in Jalisco.

**2015 NEW UNITS**

12 stores were added to the 2015 expansion plan: 5 Sears, 3 Sanborns and 4 iShop new stores.

Sales Area	March 2015			March 2014			sqm Var%
	Units	Sq meters	Leasable	Units	Sq meters	Leasable	
Sears	83	663,126		80	635,895		4.3%
Sanborns	168	255,157		168	255,132		0.0%
iShop/Mixup	108	36,987		112	39,886		-7.3%
Other*	60	71,466		64	73,161		-2.3%
Shopping Centers	2		71,225	2		71,225	0.0%
<b>Total</b>	<b>419</b>	<b>1,026,736</b>		<b>424</b>	<b>1,004,074</b>		<b>2.3%</b>

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

**RENOVATIONS**

In the 1Q15 the major renovations of 2 Sears stores were completed: Mérida Plaza and Monterrey San Agustín. Four stores that began its renovation in 2014 continue. 7 iShop stores had a new image during the 1Q15.



**2015 NEW RENOVATIONS**

In 2015 the renovations plan comprises 17 stores: 9 stores for Sears (1 full and 8 partial renovations), 3 stores for Sanborns and 5 stores for iShop. See the chart below.

**WORKING CAPITAL**

The balance of the inventories account at March 31, 2015 was \$8,963 MM Ps, being similar to the balance at December last year. The accounts payable to suppliers were \$4,206 MM Ps, amount 33.1% lower than the figure recorded in the 4Q14. Lastly, accounts receivable net totaled \$9,458 MM Ps being 6.61% lower than the balance recorded at the same item at end-4Q14.

SEARS			SANBORNS		ISHOP	
Status	Delivery Date		Delivery Date	Delivery Date	Delivery Date	
<b>New Stores</b>			<b>New Stores</b>		<b>New Stores</b>	
		2015	Tlalnepantla	2015	Oasis	2015
		2015	Cosmopol Coacalco	2015	Cosmopol Coacalco	2015
		2015	León	2015	Tlalnepantla	2015
		2015			Monterrey	2015
		2015				
		2015				
<b>Renovations</b>			<b>Renovations</b>		<b>New Image</b>	
<b>Major:</b>			<b>Major:</b>			
Mérida Plaza*	Terminada	2015	Plaza Insurgentes	2015	Valle Monterrey	2015
Monterrey San Agustín *	Terminada	2015	Santa Fe	2015	Parque Lindavista	2015
Lindavista*	Etapa IV	2015	Tangamanga, SLP	2015	Reforma 222	2015
Satélite (Ampliación)*	Etapa II	2015			Perisur	2015
Insurgentes	Etapa I	2015			Reforma 319	2015
<b>Partial:</b>						
		2015				
		2015				
		2015				
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\*Stores that started its renovation in 2014

**NOTE:**

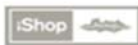
**Other:** includes DAX, Sanborns Café Restaurants, Saks Fifth Avenue, Sears and Sanborns stores in Central America, Seven Boutiques, Pam Pam industrial catering, Sanborns and Mixup credit cards and Plaza Loreto and Plaza Inbursa malls, royalties and corporate charges paid by our subsidiaries to Grupo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

**CONFERENCE CALL:**

Date: Friday April 24, 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:**

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ADDITIONAL CHARTS:

Income Statement						(MM USD)		
(MM MXN)	1Q15		1Q14		Var %	1Q15	1Q14	Var %
Revenues	9,177	92.4%	8,294	91.9%	10.6%	615	627	-1.9%
Consumer Credit Income	750	7.6%	730	8.1%	2.8%	50	55	-8.9%
<b>Total Revenues</b>	<b>9,927</b>	<b>100.0%</b>	<b>9,024</b>	<b>100.0%</b>	<b>10.0%</b>	<b>665</b>	<b>682</b>	<b>-2.5%</b>
COGS	6,044	60.9%	5,380	59.6%	12.3%	405	407	-0.4%
<b>Gross Profit</b>	<b>3,882</b>	<b>39.1%</b>	<b>3,644</b>	<b>40.4%</b>	<b>6.5%</b>	<b>260</b>	<b>275</b>	<b>-5.6%</b>
SG&A	2,977	30.0%	2,804	31.1%	6.2%	199	212	-5.9%
Other income (expenses)	-17	-0.2%	-0.2	0.0%	NA	-1	0.0	9533.3%
<b>Operating Income</b>	<b>888</b>	<b>8.9%</b>	<b>840</b>	<b>9.3%</b>	<b>5.7%</b>	<b>59</b>	<b>63</b>	<b>-6.3%</b>
Comprehensive Financial Result	21	0.2%	48	0.5%	-56.9%	1	4	-61.8%
Part. In Non-controlling Subs.	0	0.0%	0	0.0%	0.0%	0	0	0.0%
<b>Income before Taxes</b>	<b>908</b>	<b>9.2%</b>	<b>888</b>	<b>9.8%</b>	<b>2.3%</b>	<b>61</b>	<b>67</b>	<b>-9.3%</b>
Taxes	279	2.8%	292	3.2%	-4.5%	19	22	-15.3%
<b>Consolidated Net Income</b>	<b>629</b>	<b>6.3%</b>	<b>596</b>	<b>6.6%</b>	<b>5.7%</b>	<b>42</b>	<b>45</b>	<b>-6.4%</b>
Profit attributable to non-controlling int.	72	0.7%	47	0.5%	53.6%	5	4	36.1%
<b>Profit attributable to owners of parent Co.</b>	<b>558</b>	<b>5.6%</b>	<b>549</b>	<b>6.1%</b>	<b>1.6%</b>	<b>37</b>	<b>41</b>	<b>-10.0%</b>
<b>EBITDA</b>	<b>1,112</b>	<b>11.2%</b>	<b>1,031</b>	<b>11.4%</b>	<b>7.8%</b>	<b>74</b>	<b>78</b>	<b>-4.4%</b>

NA=Not Applicable

Balance Sheet figures				(MM USD)		
(MM MXN)	1Q15	4Q14	Var %	1Q15	4Q14	Var %
Cash & Equivalents	1,706.8	3,572.5	-52.2%	114.3	270.0	-57.7%
Short T. Investments	2,573.3	2,539.7	1.3%	172.4	191.9	-10.2%
Trade Receivables, Net	9,458.3	10,130.8	-6.6%	633.5	765.5	-17.2%
Inventories	8,963.5	8,966.0	0.0%	600.4	677.5	-11.4%
Other Current Assets	929.3	551.6	68.5%	62.2	41.7	49.3%
<b>Current Assets</b>	<b>23,631.2</b>	<b>25,760.6</b>	<b>-8.3%</b>	<b>1,582.8</b>	<b>1,946.6</b>	<b>-18.7%</b>
Accounts Receivable, Net	46.0	46.0	0.0%	3.1	3.5	-11.4%
Other investments	1.4	1.4	0.0%	0.1	0.1	-11.4%
PP&E, Net	11,609.5	11,358.7	2.2%	777.6	858.3	-9.4%
Investment Property	1,908.6	1,908.6	0.0%	127.8	144.2	-11.4%
Intangible Assets, Net	1.4	1.5	-4.8%	0.1	0.1	-15.6%
Deferred Tax Assets	201.4	195.6	3.0%	13.5	14.8	-8.7%
Other Non-Current Assets	984.5	974.1	1.1%	65.9	73.6	-10.4%
<b>Non-Current Assets</b>	<b>14,752.7</b>	<b>14,485.7</b>	<b>1.8%</b>	<b>988.1</b>	<b>1,094.6</b>	<b>-9.7%</b>
<b>Total Assets</b>	<b>38,384.0</b>	<b>40,246.4</b>	<b>-4.6%</b>	<b>2,570.9</b>	<b>3,041.2</b>	<b>-15.5%</b>
Short-Term Bank Loans	0.0	0.0	0.0%	0.0	0.0	0.0%
Trade Payables	4,205.9	6,283.2	-33.1%	281.7	474.8	-40.7%
Taxes Payable	1,151.2	1,309.4	-12.1%	77.1	98.9	-22.1%
Other Current Liabilities	2,288.6	2,413.0	-5.2%	153.3	182.3	-15.9%
<b>Current Liabilities</b>	<b>7,645.7</b>	<b>10,005.7</b>	<b>-23.6%</b>	<b>512.1</b>	<b>756.1</b>	<b>-32.3%</b>
Long-Term Bank Loans	0.0	0.0	0.0%	0.0	0.0	0.0%
Deferred Tax Liabilities	906.8	913.0	-0.7%	60.7	69.0	-12.0%
Other Non-Current Liabilities	416.7	384.9	0.0%	27.9	29.1	-4.0%
<b>Non-Current Liabilities</b>	<b>1,323.5</b>	<b>1,297.8</b>	<b>0.0%</b>	<b>88.6</b>	<b>98.1</b>	<b>-9.6%</b>
<b>Total Liabilities</b>	<b>8,969.2</b>	<b>11,303.5</b>	<b>-20.7%</b>	<b>600.7</b>	<b>854.1</b>	<b>-29.7%</b>
<b>Stockholder's Equity</b>	<b>29,414.8</b>	<b>28,942.9</b>	<b>1.6%</b>	<b>1,970.2</b>	<b>2,187.1</b>	<b>-9.9%</b>
Shares Outstanding ('000)	2,330,352	2,337,511	-0.3%	0.0	0.0	0.0%
Stock Price	24.94	27.65	-9.8%	1.7	2.1	-20.1%

NA=Not Applicable