

**Grupo Sanborns S.A.B. de C.V.**  
**Earnings Report**  
**3Q 2015**

Mexico City, October 26, 2015 – Grupo Sanborns, S.A.B. de C.V. (BMV: GSANBOR OTC: GSAOY) announced today its results for the third quarter of 2015.

**HIGHLIGHTS AND RELEVANT EVENTS**

- Consolidated **total sales** increased 10.2% during the quarter and 9.4% during the first nine months of the year.
- Consolidated **same stores sales (SSS)** increased 9.1% in the quarter and 8.1% accumulated.
- **Operating income** increased 17.4% in the quarter and 12.3% in cumulative terms, increasing 50 and 30 basis points its margin, respectively.
- **EBITDA** increased 15.9% and 60 basis points in proportion to sales in the 3Q15. On a cumulative basis, EBITDA increased 12.5% and 30 basis points its margin.
- **Seven new stores opened in the 3Q15:** three Sears, 2 Sanborns, 1 iShop and 1 stand-alone boutique of the Philosophy brand.

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

Consolidated Results	3Q15	3Q14	Var%	9M15	9M14	Var%
Revenues	9,953	9,028	10.2%	30,125	27,537	9.4%
Gross Profit	3,995	3,720	7.4%	11,968	11,151	7.3%
Operating Income	887	755	17.4%	2,851	2,539	12.3%
Controlling Net Income	557	527	5.6%	1,766	1,650	7.0%
EBITDA	1,121	967	15.9%	3,539	3,146	12.5%
Gross Margin	40.1%	41.2%		39.7%	40.5%	
Operating Margin	8.9%	8.4%		9.5%	9.2%	
EBITDA Margin	11.3%	10.7%		11.7%	11.4%	

**REVENUES**

From July to September of 2015, consolidated **total sales** of Grupo Sanborns reached \$9,953 million, a 10.2% increase that meant \$925 million pesos more. All of the formats contributed to this positive result where Sears grew 6.0%, Sanborns 4.1%, Promotora Musical 43.9% and Other Formats 14.5%.

Revenues by format	3Q15	3Q14	Var%	9M15	9M14	Var%
Sears	5,079	4,791	6.0%	15,234	14,293	6.6%
Sanborns	2,777	2,667	4.1%	8,799	8,568	2.7%
Promotora Musical	1,462	1,016	43.9%	4,268	3,008	41.9%
Other*	635	555	14.5%	1,823	1,669	9.3%
<b>Total</b>	<b>9,953</b>	<b>9,028</b>	<b>10.2%</b>	<b>30,125</b>	<b>27,537</b>	<b>9.4%</b>

In the 3Q15 the six stores that were reopened after their total renovation such as: Universidad, Forjadores, Tangamanga, WTC, Merida Plaza and Monterrey San Agustín, increased its total sales 17.9% on average.

### SAME STORE SALES

Consolidated **same-store sales (SSS)** grew 9.1% during the 3Q15 and 8.1% cumulatively. Sears reported a 4.5% increase in its SSS in the 3Q15 that went up to 7.1% excluding the effect of the stores under renovation.

SSS	3Q15	3Q14	9M15	9M14
Consolidated	9.1%	-1.0%	8.1%	-1.9%
Sears	4.5%	0.2%	4.8%	-1.0%
<i>Sears ex/R</i>	7.1%	2.3%	6.9%	0.7%

Ex/R: Excluding stores under renovation

Credit Indicators	3Q15	3Q14	Var%
Credit Portfolio (MM Ps)	9,390	8,916	5.3%
Num. Credit cards issued (MM)	3.41	3.22	5.9%
Non-performing loans (%)	3.6%	3.8%	

Regarding the credit business, the percentage of overdue loans over 90 days was 3.6%, an improvement compared to the 3Q14, when it was 3.8%.

The portfolio and the number of cards issued grew 5.3% and 5.9%, respectively. Credit income grew 4.7% from \$691 million in the 3Q14 to \$723 million in the 3Q15.

### COSTS, SG&A AND GROSS PROFIT

The reduction of 110 basis points in the gross margin was due to a larger share of technology products in the sales mix as well as a lower credit income.

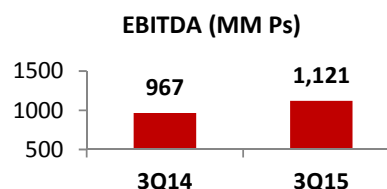
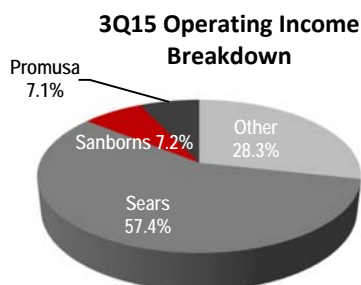
However, operating and administration expenses improved 160 basis points representing 31.1% of sales, compared to 32.7% in the 3Q14. The following reasons explain this change:

- i) Provisions for doubtful credit accounts were recorded in the 3Q14, coupled with extraordinary expenses related to the closure of two Sanborns units,
- ii) The cost of energy decreased,
- iii) A strict control on expenses remained, even with the ongoing renovations, new store openings and an increase of 10.8% in depreciation.

**OPERATING INCOME AND EBITDA**

Therefore, operating income and EBITDA totaled \$887 and \$ 1,121 million, representing increases of 17.4% and 15.9%, respectively. Operating margin was 8.9%, up 50 basis points compared to the 3Q14 while the EBITDA margin was 11.3%, up 60 basis points.

In the first nine months of the year, both the operating and EBITDA margin have accumulated a 30 basis points increase compared to the same period of 2014.



**COMPREHENSIVE FINANCIAL RESULT**

(MM MXN)	3Q15	3Q14	Var%	9M15	9M14	Var%
<b>Financial Results</b>						
Interest Expenses	-26	-28	-6.6%	-77.8	-83.5	-6.8%
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	54	73	-25.4%	166	226	-26.4%
<b>Interest (net)</b>	<b>28</b>	<b>44</b>	<b>-37.4%</b>	<b>89</b>	<b>142</b>	<b>-37.9%</b>
ForEx Results	-21	-3	560.5%	-38	-5	642.8%
<b>CFR</b>	<b>7</b>	<b>41</b>	<b>-83.6%</b>	<b>51</b>	<b>137</b>	<b>-62.9%</b>

NA= Not applicable

The comprehensive financing result (CFR) was positive and resulted 83.6% lower compared with a positive CFR of \$41 million registered in the 3Q14. This was mainly due to a lower net interest income, as well as an exchange loss of \$21 million pesos.

**NET INCOME**

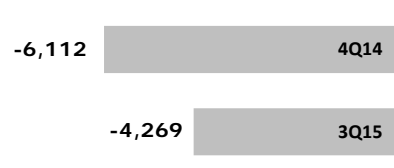
Controlling net income increased 5.6% in the third quarter, reaching \$557 million pesos, compared with \$527 million in the 3Q14. The combination of improved operating results but a decline in financial results explained this change.



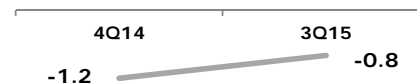
### FINANCIAL STRUCTURE

Grupo Sanborns has no debt at September 30, 2015, while the amount of cash and short-term investments totaled \$4,269 MM compared to \$6,112 MM at the end of December 2014. This decrease of \$1,843 million in cash was due to higher trade receivables, financing of the expansion plan, share repurchases and payment of dividends.

#### Net Debt (MM Ps)



#### Net Debt/LTM EBITDA



### CAPITAL EXPENDITURES (CapEx)

Since a portion of the investments of the new stores that opened in 2015 were made in 2014, CapEx decreased 6.0% during the first nine months of the year, totaling \$1,623 MM compared with investments of \$1,727 billion during the same period of last year.

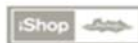
### RETAIL SPACE AND NUMBER OF STORES

At September 30, 2015, the sales area totaled 1,114,297 Sqm considering 428 units, which represented an increase of 6.8% in the consolidated retail space, compared with the same period of the previous year. During the 3Q15, the changes in the number of stores were as follows:

- **Three new Sears** were opened, adding 42,095 Sqm of retail space: Monterrey Esfera in Nuevo Leon, Tlalnepantla and Coacalco-Cosmpol in the State of Mexico;
- **Two new Sanborns** were opened, adding 3,627 Sqm of retail space: Tlalnepantla and Coacalco-Cosmopol;
- **One new iShop** was opened in Coacalco-Cosmopol adding 266 Sqm of retail space;
- **One boutique** of 1,024 Sqm of the Philosophy private label opened in Tlalnepantla.

Sales Area	September 2015			September 2014			sqm Var%
	Units	Sq meters	Leasable	Units	Sq meters	Leasable	
Sears	87	744,988		82	674,484		10.5%
Sanborns	170	258,983		169	256,752		0.9%
Promotora Musical	109	37,253		113	38,798		-4.0%
Other*	62	73,073		63	72,829		0.3%
Shopping Centers			71,225			71,225	0.0%
<b>Total</b>	<b>428</b>	<b>1,114,297</b>		<b>427</b>	<b>1,042,863</b>		<b>6.8%</b>

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



**RENOVATIONS AND EXPANSIONS OF SEARS STORES**

On Friday, October 23, the major renovation of Lindavista and the expansion and renovation of Satellite concluded. The final stage of Insurgentes began to conclude in late October. In addition, the renovation of Angelopolis in Puebla began.

Regarding partial renovations, the works in the Ensenada, Culiacan Galerias and Veracruz Plaza stores were completed. The La Paz store advanced to its final stage.

SEARS	Status	Delivery Date	SANBORNS	Delivery Date	ISHOP	Delivery Date	Boutiques	Status	Delivery Date
<b>New Stores</b>			<b>New Stores</b>		<b>New Stores</b>		<b>New Stores</b>		
Zacatecas	Completed	2Q15	Tlalnepantla	3Q15	Coacalco-Cosmopol	3Q15	Tlalnepantla	Completed	3Q15
Monterrey Esfera	Completed	3Q15	Coacalco-Cosmopol	3Q15	Oasis	4Q15			
Tlalnepantla	Completed	3Q15			Tlalnepantla	4Q15			
Coacalco-Cosmopol	Completed	3Q15			Monterrey Esfera	4Q15			
Irapuato		1Q16							
<b>Major Renovations:</b>			<b>Major Renovations:</b>		<b>New Image</b>				
Merida Plaza*	Completed	1Q15			Valle Monterrey	Completed			
Monterrey San Agustin *	Completed	1Q15			Parque Lindavista	Completed			
Lindavista*	Final Stage	4Q15			Reforma 222	Completed			
Satelite (Expansion)*	Final Stage	4Q15			Perisur	Completed			
Insurgentes	Final Stage	4Q15			Reforma 319	Completed			
Angelopolis Puebla (Expansion)	Stage I	2016							
<b>Parciales:</b>									
Metepec*	Completed	2Q15							
Ensenada*	Completed	3Q15							
Veracruz Plaza	Completed	3Q15							
Culiacan Galerias	Completed	3Q15							
La Paz		4Q15							
Guadalajara Galerias		1Q16							
Centro Historico		1Q16							

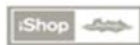
\*Stores that started its renovation in 2014

**WORKING CAPITAL**

The balance of the inventory account at September 30, 2015 was \$9,202 MM, increasing 2.6% from the balance at the end of December last year, which totaled \$8,966, reflecting purchase orders for the Holiday Season and the new stores. Accounts payable to suppliers were \$4,655 MM, which meant a reduction of 25.9% compared to the amount of the 4Q14. Lastly, accounts receivable (net) totaled \$9,224 MM decreasing 9.0% compared to the balance at end-4Q14.

**NOTE:**

**Other:** includes DAX, Sanborns Café Restaurants, Saks Fifth Avenue, Sears and Sanborns stores in Central America, 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 DETAILS:**

Date: Tuesday October 27, 2015  
 Time: 10:00 A.M. Mexico City Time/12:00 P.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**  
 Replay: +1 (877) 344-7529 / (412) 317-0088 from 10/27/15 to 11/03/15  
 Replay Access Code: 10074995

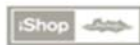
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**ADDITIONAL CHARTS:**

Income Statement (Million Pesos)	(MM USD)												
	3Q15		3Q14		Var %	9M15		9M14		Var %	3Q15	3Q14	Var %
Revenues	9,230	92.7%	8,338	92.4%	10.7%	27,916	92.7%	25,417	92.3%	9.8%	563	636	-11.5%
Consumer Credit Income	723	7.3%	691	7.6%	4.7%	2,209	7.3%	2,121	7.7%	4.2%	44	53	-16.3%
<b>Total Revenues</b>	<b>9,953</b>	<b>100.0%</b>	<b>9,028</b>	<b>100.0%</b>	<b>10.2%</b>	<b>30,125</b>	<b>100.0%</b>	<b>27,537</b>	<b>100.0%</b>	<b>9.4%</b>	<b>607</b>	<b>689</b>	<b>-11.9%</b>
COGS	5,958	59.9%	5,308	58.8%	12.2%	18,158	60.3%	16,386	59.5%	10.8%	363	405	-10.3%
<b>Gross Profit</b>	<b>3,995</b>	<b>40.1%</b>	<b>3,720</b>	<b>41.2%</b>	<b>7.4%</b>	<b>11,968</b>	<b>39.7%</b>	<b>11,151</b>	<b>40.5%</b>	<b>7.3%</b>	<b>244</b>	<b>284</b>	<b>-14.2%</b>
SG&A	3,099	31.1%	2,949	32.7%	5.1%	9,125	30.3%	8,656	31.4%	5.4%	189	225	-16.0%
Other income (expenses)	-9	-0.1%	-16	-0.2%	-44.7%	8	0.0%	44	0.2%	-80.6%	-1	-1	-55.8%
<b>Operating Income</b>	<b>887</b>	<b>8.9%</b>	<b>755</b>	<b>8.4%</b>	<b>17.4%</b>	<b>2,851</b>	<b>9.5%</b>	<b>2,539</b>	<b>9.2%</b>	<b>12.3%</b>	<b>54</b>	<b>58</b>	<b>-6.2%</b>
Comprehensive Financial Result	7	0.1%	41	0.5%	-83.6%	51	0.2%	137	0.5%	-62.9%	0	3	-86.9%
Share of Profit of Associates and JV's.	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>894</b>	<b>9.0%</b>	<b>797</b>	<b>8.8%</b>	<b>12.2%</b>	<b>2,902</b>	<b>9.6%</b>	<b>2,676</b>	<b>9.7%</b>	<b>8.4%</b>	<b>54</b>	<b>61</b>	<b>-10.3%</b>
Taxes	269	2.7%	218	2.4%	23.3%	920	3.1%	874	3.2%	5.3%	16	17	-1.4%
<b>Consolidated Net Income</b>	<b>625</b>	<b>6.3%</b>	<b>579</b>	<b>6.4%</b>	<b>7.9%</b>	<b>1,982</b>	<b>6.6%</b>	<b>1,803</b>	<b>6.5%</b>	<b>9.9%</b>	<b>38</b>	<b>44</b>	<b>-13.7%</b>
Profit attributable to non-controlling int.	68	0.7%	51	0.6%	32.1%	216	0.7%	152	0.6%	41.6%	4	4	5.6%
<b>Profit attributable to owners of parent Co.</b>	<b>557</b>	<b>5.6%</b>	<b>527</b>	<b>5.8%</b>	<b>5.6%</b>	<b>1,766</b>	<b>5.9%</b>	<b>1,650</b>	<b>6.0%</b>	<b>7.0%</b>	<b>34</b>	<b>40</b>	<b>-15.6%</b>
<b>EBITDA</b>	<b>1,121</b>	<b>11.3%</b>	<b>967</b>	<b>10.7%</b>	<b>15.9%</b>	<b>3,539</b>	<b>11.7%</b>	<b>3,146</b>	<b>11.4%</b>	<b>12.5%</b>	<b>68</b>	<b>74</b>	<b>-7.3%</b>



Balance Sheet figures (Million Pesos)				(MM USD)		
	3Q15	4Q14	Var %	3Q15	4Q14	Var %
Cash & Equivalents	2,783.6	3,572.5	-22.1%	170	258	-34.2%
Short T. Investments	1,485.7	2,539.7	-41.5%	91	183	-50.6%
Trade Receivables, Net	9,223.9	10,130.8	-9.0%	562	732	-23.2%
Inventories	9,201.6	8,966.0	2.6%	561	648	-13.4%
Other Current Assets	1,080.8	551.6	95.9%	66	40	65.4%
<b>Current Assets</b>	<b>23,775.6</b>	<b>25,760.6</b>	<b>-7.7%</b>	<b>1,450</b>	<b>1,861</b>	<b>-22.1%</b>
Accounts Receivable, Net	33.3	46.0	-27.6%	2	3	-38.9%
Other investments	1.4	1.4	0.0%	0.1	0.1	-15.6%
PP&E, Net	12,266.1	11,358.7	8.0%	748	821	-8.9%
Investment Property	1,908.6	1,908.6	0.0%	116	138	-15.6%
Intangible Assets, Net	1.2	1.5	-14.3%	0	0	-27.7%
Other Non-Current Assets	1,243.4	1,169.6	6.3%	76	84	-10.3%
<b>Non-Current Assets</b>	<b>15,454.0</b>	<b>14,485.7</b>	<b>6.7%</b>	<b>942</b>	<b>1,047</b>	<b>-10.0%</b>
<b>Total Assets</b>	<b>39,229.6</b>	<b>40,246.4</b>	<b>-2.5%</b>	<b>2,392</b>	<b>2,908</b>	<b>-17.7%</b>
Short-Term Bank Loans	0.0	0.0	0.0%	0.0	0.0	0.0%
Trade Payables	4,654.8	6,283.2	-25.9%	284	454	-37.5%
Taxes Payable	1,602.2	1,309.4	22.4%	98	95	3.3%
Other Current Liabilities	3,335.6	2,413.0	38.2%	203	174	16.7%
<b>Current Liabilities</b>	<b>9,592.6</b>	<b>10,005.7</b>	<b>-4.1%</b>	<b>585</b>	<b>723</b>	<b>-19.1%</b>
Long-Term Bank Loans	0.0	0.0	0.0%	0	0	0.0%
Deferred Tax Liabilities	853.6	913.0	-6.5%	52	66	-21.1%
Other Non-Current Liabilities	487.5	384.9	26.7%	30	28	6.9%
<b>Non-Current Liabilities</b>	<b>1,341.1</b>	<b>1,297.8</b>	<b>3.3%</b>	<b>82</b>	<b>94</b>	<b>-12.8%</b>
<b>Total Liabilities</b>	<b>10,933.7</b>	<b>11,303.5</b>	<b>-3.3%</b>	<b>667</b>	<b>817</b>	<b>-18.4%</b>
<b>Stockholder's Equity</b>	<b>28,295.9</b>	<b>28,942.9</b>	<b>-2.2%</b>	<b>1,725.2</b>	<b>2,090.9</b>	<b>-17.5%</b>
Shares Outstanding (´000)	2,312,864	2,337,511	-1.1%	2,312,864	2,337,511	-1.1%
Closing Stock Price	27.08	22.98	17.8%	1.7	1.7	-0.5%
NA=Not Applicable						