

Grupo Sanborns S.A.B. de C.V.
Earnings Report
4Q 2015

Mexico City, February 24, 2016 – Grupo Sanborns, S.A.B. de C.V. (BMV: GSANBOR OTC: GSAOY) announced today its results for the fourth quarter and full year 2015.

HIGHLIGHTS AND RELEVANT EVENTS

- **Total sales** increased 4.6% during the 4Q15 and 7.8% during the year.
- Gross Profit increased 7.8% reaching \$5,508 MM in the 4Q15, with a gross margin expansion of 120 basis points to 38.6%.
- **Operating income** grew 8.9% during the 4Q15, with an operating margin that increased 60 basis points to 14.4%.
- **EBITDA** increased 15.2% during the quarter and 13.5% during the year, with expansions of 140 and 70 basis points in the EBITDA margin, respectively.
- Three iShop stores opened in the 4Q15.
- **Retail space** grew 5.9% reaching 1,114,916 sqm. In 2015, twelve new stores opened of all the formats, and **ten Sears stores finished its renovation**, where five of them were full renovations.

FINANCIAL SUMMARY (Million Pesos MXN, MM Ps)

Consolidated Results	4Q15	4Q14	Var%	2015	2014	Var%
Revenues	14,288	13,665	4.6%	44,413	41,203	7.8%
Gross Profit	5,508	5,112	7.8%	17,476	16,263	7.5%
Operating Income	2,057	1,890	8.9%	4,908	4,428	10.8%
Controlling Net Income	1,324	1,272	4.1%	3,090	2,922	5.8%
EBITDA*	2,168	1,882	15.2%	5,707	5,028	13.5%
Gross Margin	38.6%	37.4%		39.3%	39.5%	
Operating Margin	14.4%	13.8%		11.1%	10.7%	
EBITDA Margin	15.2%	13.8%		12.9%	12.2%	

*For the EBITDA calculation the appraisal of investment properties of \$151MM in 2015 and \$221 MM in 2014 was not included.

TOTAL AND SAME STORES SALES (SSS)

During the fourth quarter of the year, **total sales** of Grupo Sanborns reached \$14,288 million, a 4.6% increase that meant \$623 million pesos more.

On a cumulative basis, total sales increased 7.8% from \$41,203 million in 2014 to \$44,413 in 2015.

Since September 2015, the revenue business model of mobile phones and minutes changed, recording the commission in the gross profit, which remained constant in peso terms. This change resulted in a reduction in total sales of \$426 million in the 4Q15 and of \$491 million in 2015.

Without this change, the comparable sales figures of Grupo Sanborns increased 7.7% from \$13,665 MM in 4Q14 to \$14,714 MM in 4Q15, and cumulative sales increased 9.0% from \$41,203 MM in 2014 to \$44,904 in 2015.

Consolidated SSS grew 2.3% in the 4Q15 and 6.1% cumulatively. Sears reported a 0.8% increase in SSS, which went up to 2.3% excluding the effect of the stores that were under renovation.

SSS	4Q15	4Q14	2015	2014
Consolidated	2.3%	1.0%	6.1%	-0.7%
Sears	0.8%	1.5%	3.4%	-0.1%
Sears ex/R	2.3%	3.1%	5.2%	1.5%

Ex/R: Excluding stores under renovation

CREDIT BUSINESS

196 thousand cardholders were added during the year, bringing the number of private label cards to 3.46 million, compared to 3.27 million at the end of December 2014.

The delinquency rate is below the market, with a percentage of nonperforming loans of more than 90 days of 3.2%, which was less than 3.5% previously.

The loan portfolio grew 5.0%, totaling \$10,824 million. Credit revenues grew 1.6% in the 4Q15 while cumulatively increased 3.5% from \$2,831 to \$ 2,931 million, or a 3.5% increase during the year.

Credit Indicators	4Q15	4Q14	Var%
Credit Portfolio (MM Ps)	10,824	10,305	5.0%
Num. Credit cards issued (MM)	3.46	3.27	6.0%
Non-performing loans (%)	3.2%	3.5%	

GROSS PROFIT AND OPERATING EXPENSES (SG&A)

During the fourth quarter, gross profit increased 7.8% reaching \$5,508 MM. Gross margin expanded 120 basis points to 38.6%, driven by the change in the revenue business model of mobile phones and minutes.

For the full year, gross margin declined 20 basis points to 39.3%. This was due to a larger share of technology products in the sales mix, partially offset by the change in the revenue business model of mobile phones and minutes.

During the 4Q15 SG&A accounted for 25.8% of sales due to a lower sales base and the depreciation from the expansion plan of the Group.



On a cumulative basis, SG&A fell 70 basis points, representing 28.8% of sales, compared to 29.5% in 2014. The following reasons explain this:

- i) A lower sales base,
- ii) A reduction in the cost of energy,
- iii) A tight control on expenses, even with the ongoing renovations, new store openings and higher depreciation.

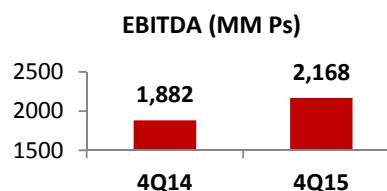
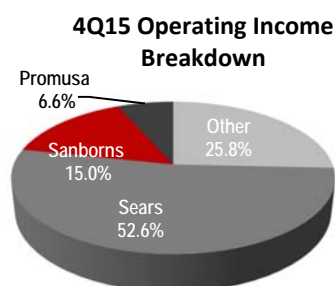
OPERATING INCOME AND EBITDA

During the fourth quarter of the year, **operating income** increased 8.9% reaching \$2,057 MM. This was due to a higher gross profit and the recording of \$229 million pesos as Other Income, of which \$151 MM come from the appraisal of investment properties. The operating margin reported was 14.4%, up 60 basis points.

Cumulatively, the operating margin was 11.1%, improving 40 basis points.

For the **EBITDA** calculation, the appraisal of investment properties for an amount of \$151 MM in the 4Q15 and \$221 MM in the 4Q14 were not considered. Therefore, EBITDA increased 15.2% totaling \$2,168 million pesos. The EBITDA margin expanded 140 points reaching 15.2%.

On a cumulative basis, the EBITDA margin was 12.9% improving 70 basis points.



COMPREHENSIVE FINANCIAL RESULT (CFR)

The CFR of the 4Q15 was positive by \$96 MM being 36.1% higher compared to a CFR of \$71 MM recorded in the 4Q14. This was due to an exchange loss of \$3 MM during the 4Q15, which was lower compared to \$28 MM in the 4Q14.

In 2015 the CFR decreased from \$208 to \$147 million due to an exchange loss of \$40 MM and lower net interest income, since more resources were used for the expansion plan and the credit portfolio.

(MM MXN)	4Q15	4Q14	Var%	2015	2014	Var%
Financial Results						
Interest Expenses	-24	-20	18.2%	-101.4	-103.5	-2.0%
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	123	119	3.0%	289	345	-16.3%
Interest (net)	99	99	-0.1%	188	242	-22.4%
ForEx Results	-3	-28	-90.5%	-40	-33	20.4%
CFR	96	71	36.1%	147	208	-29.2%

NA= Not applicable

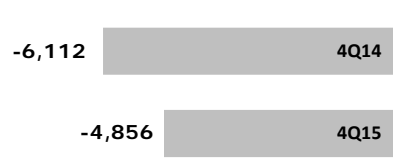
NET INCOME

Controlling net income increased 4.1% in the 4Q15, reaching \$1,324 million pesos, compared to \$1,272 million recorded in the 4Q14. A combination of better operating and financial results explained this. For the same reasons, the cumulative net income increased 5.8% from \$2,922 million in 2014 to \$3,090 million in 2015.

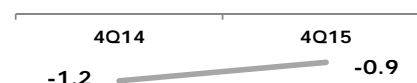
DEBT

Grupo Sanborns had no debt at December 31, 2015, while the amount of cash and short-term investments totaled \$4,856 MM compared to \$6,112 MM at the end of December 2014. This decrease of \$1,256 million in cash was due to the funding of the expansion plan, the growth of the loan portfolio, the payment of dividends and share buybacks.

Net Debt (MM Ps)



Net Debt/LTM EBITDA



CAPITAL EXPENDITURES (CapEx)

Since partial investments in the new stores of 2015 were made the year before, CapEx totaled \$2,256 MM compared with investments of \$2,546 MM during 2014.

RETAIL SPACE AND NUMBER OF STORES

During the 4Q15, three iShop stores opened: Tlalnepantla, Coyoacan-Oasis and Monterrey Esfera. At December 31, 2015, the sales area totaled 1,114,916 Sqm considering 431 units, which represented an increase of 5.9% in the consolidated retail space, compared with the same period of the previous year.



During 2015, the changes in the number of stores were as follows:

- **Sears:** Four new stores opened, adding 50,271 sqm of retail space: Zacatecas in Zacatecas, Monterrey Esfera in Nuevo Leon, Tlalnepantla and Coacalco-Cosmpol in the State of Mexico. Additionally, some administrative areas were transformed into retail space.
- **Sanborns:** 644 m2 were added, being the net area after the closure of two stores and the opening of two new stores which were: Tlalnepantla and Coacalco-Cosmopol.
- **Promusa:** The net retail space decreased 1,715 sqm, after the closure of six MixUp stores, three EduMac, and the opening of four new iShop stores which were: Coacalco-Cosmopol, Tlalnepantla, Monterrey Esfera in Nuevo Leon and Coyoacan-Oasis in Mexico City.
- **Other:** the opening of a Philosophy boutique in Tlalnepantla and a Perfumery boutique in Tijuana, Baja California, added 1,607 sqm.

Sales Area	December 2015			December 2014			sqm	Var%
	Units	Sq meters	Leaseable Sqm	Units	Sq meters	Leaseable Sqm		
Sears	87	744,988		83	683,531		9.0%	
Sanborns	170	258,983		170	258,339		0.2%	
Promotora Musical	112	37,872		117	39,587		-4.3%	
Other*	62	73,073		60	71,466		2.2%	
Shopping Centers	2		71,225	2		71,225	0.0%	
Total	431	1,114,916		430	1,052,923		5.9%	

*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

SEARS	Status	Delivery Date	SANBORNS	Status	Delivery Date	iSHOP	Status	Delivery Date	Boutiques	Status	Delivery Date
New Stores			New Stores			New Stores			New Stores		
Zacatecas	Completed	2Q15	Tlalnepantla	Completed	3Q15	Coacalco-Cosmopol	Completed	3Q15	Tlalnepantla	Completed	2Q15
Monterrey Esfera	Completed	3Q15	Coacalco-Cosmopol	Completed	3Q15	Oasis	Completed	4Q15	Otay Perfumery	Completed	3Q15
Tlalnepantla	Completed	3Q15				Tlalnepantla	Completed	4Q15			
Coacalco-Cosmopol	Completed	3Q15				Monterrey Esfera	Completed	4Q15			
Irapuato		1Q16									
Major Renovations:			Major Renovations:			New Image					
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									
Parciales:											
Metepec*	Completed	2Q15									
Ensenada*	Completed	3Q15									
Veracruz Plaza	Completed	3Q15									
Culiacan Galerías	Completed	3Q15									
La Paz	Completed	4Q15									
Guadalajara Galerías		2016									
Centro Historico		2016									

*Stores that started its renovation in 2014



During the 4Q15 the stores that were under renovation such as Lindavista and Insurgentes in Mexico City, Satellite in the State of Mexico and La Paz in Baja California, were completed. As shown in the previous chart, of 13 stores under renovation during 2015, 10 were completed and three continue to open in 2016.

WORKING CAPITAL

The balance of the inventory account at December 31, 2015 was \$9,205 MM, increasing 2.7% from the balance at the end of December last year, which totaled \$8,966 MM, reflecting inventories for the new stores. Accounts payable to suppliers were \$6,135 MM, which meant a reduction of 2.4% compared to the amount of the 4Q14. Lastly, accounts receivable (net) totaled \$10,633 MM increasing 5.0% 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: Thursday, February 25, 2016
Time: 10:30 A.M. Mexico City Time / 11:30 A.M. NY Time (US EST)
Access Number: International and Mexico: +1 (412) 317-5457
Toll Free U.S.: +1(877) 846-8976
Conference ID: Grupo Sanborns

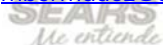
REPLAY: From February 25 to March 03, 2016 (7 days)

Access replay –English: +55 11 3193-1012 / +55 11 2820-4012
Conference Id: 2873119#
Access replay - Spanish: +55 11 3193-1012 / +55 11 2820-4012
Conference Id: 1822538#

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ADDITIONAL CHARTS:

Income Statement (Million Pesos)	(MM USD)														
	4Q15			4Q14			2015			2014					
			Var %			Var %			Var %	4Q15	4Q14	Var %			
Revenues	13,566	94.9%	4.7%	12,955	94.8%	4.7%	41,482	93.4%	8.1%	38,390	93.2%	8.1%	810	936	-13.5%
Consumer Credit Income	722	5.1%	1.6%	710	5.2%	1.6%	2,931	6.6%	3.5%	2,831	6.9%	3.5%	43	51	-16.0%
Total Revenues	14,288	100.0%	4.6%	13,665	100.0%	4.6%	44,413	100.0%	7.8%	41,203	100.0%	7.8%	853	987	-13.6%
COGS	8,780	61.4%	2.6%	8,553	62.6%	2.6%	26,937	60.7%	8.0%	24,940	60.5%	8.0%	524	618	-15.2%
Gross Profit	5,508	38.6%	7.8%	5,112	37.4%	7.8%	17,476	39.3%	7.5%	16,263	39.5%	7.5%	329	369	-11.0%
SG&A	3,680	25.8%	5.2%	3,497	25.6%	5.2%	12,805	28.8%	5.4%	12,153	29.5%	5.4%	220	253	-13.0%
Other income (expenses)	229	1.6%	-16.7%	275	2.0%	-16.7%	237	0.5%	-25.4%	318	0.8%	-25.4%	14	20	-31.1%
Operating Income	2,057	14.4%	8.9%	1,890	13.8%	8.9%	4,908	11.1%	10.8%	4,428	10.7%	10.8%	123	137	-10.0%
Comprehensive Financial Result	96	0.7%	36.1%	71	0.5%	36.1%	147	0.3%	-29.2%	208	0.5%	-29.2%	6	5	12.5%
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%	0	0	0.0%
Income before Taxes	2,153	15.1%	9.8%	1,960	14.3%	9.8%	5,055	11.4%	9.0%	4,637	11.3%	9.0%	129	142	-9.2%
Taxes	677	4.7%	21.2%	558	4.1%	21.2%	1,597	3.6%	11.5%	1,432	3.5%	11.5%	40	40	0.1%
Consolidated Net Income	1,477	10.3%	5.3%	1,402	10.3%	5.3%	3,458	7.8%	7.9%	3,205	7.8%	7.9%	88	101	-13.0%
Profit attributable to non-controlling int.	153	1.1%	17.1%	130	1.0%	17.1%	368	0.8%	30.3%	283	0.7%	30.3%	9	9	-3.2%
Profit attributable to owners of parent Co.	1,324	9.3%	4.1%	1,272	9.3%	4.1%	3,090	7.0%	5.8%	2,922	7.1%	5.8%	79	92	-14.0%
EBITDA*	2,168	15.2%	15.2%	1,882	13.8%	15.2%	5,707	12.9%	13.5%	5,028	12.2%	13.5%	129	136	-4.8%

*For the EBITDA calculation the appraisal of investment properties of \$178 MM in 2015 and \$221 MM in 2014 were not included.

Balance Sheet figures (Million Pesos)	(MM USD)					
	4Q15			4Q14		
			Var %			Var %
Cash & Equivalents	3,904.5	3,572.5	9.3%	233	258	-9.7%
Short T. Investments	951.0	2,539.7	-62.6%	57	183	-69.1%
Trade Receivables, Net	10,633.4	10,130.8	5.0%	635	732	-13.3%
Inventories	9,204.6	8,966.0	2.7%	550	648	-15.2%
Other Current Assets	965.5	984.8	-2.0%	58	71	-19.0%
Current Assets	25,659.0	26,193.9	-2.0%	1,532	1,892	-19.0%
Accounts Receivable, Net	27.5	46.0	-40.3%	2	3	-50.6%
Other investments	1.3	1.4	-2.5%	0.1	0.1	-19.4%
PP&E, Net	12,608.5	11,358.7	11.0%	753	821	-8.3%
Investment Property	2,086.2	1,908.6	9.3%	125	138	-9.7%
Intangible Assets, Net	1.2	1.5	-19.1%	0	0	-33.1%
Other Non-Current Assets	980.3	1,174.4	-16.5%	59	85	-31.0%
Non-Current Assets	15,705.0	14,490.5	8.4%	938	1,047	-10.4%
Total Assets	41,364.0	40,684.4	1.7%	2,470	2,939	-16.0%
Short-Term Bank Loans	0.0	0.0	0.0%	0.0	0.0	0.0%
Trade Payables	6,135.5	6,283.2	-2.4%	366	454	-19.3%
Taxes Payable	2,065.9	1,742.7	18.6%	123	126	-2.0%
Other Current Liabilities	2,537.3	2,414.2	5.1%	151	174	-13.1%
Current Liabilities	10,738.7	10,440.0	2.9%	641	754	-15.0%
Long-Term Bank Loans	0.0	0.0	0.0%	0	0	0.0%
Deferred Tax Liabilities	809.4	917.4	-11.8%	48	66	-27.1%
Other Non-Current Liabilities	420.8	384.1	9.6%	25	28	-9.5%
Non-Current Liabilities	1,230.2	1,301.5	-5.5%	73	94	-21.9%
Total Liabilities	11,968.9	11,741.5	1.9%	715	848	-15.8%
Stockholder's Equity	29,395.1	28,942.9	1.6%	1,755.0	2,090.9	-16.1%
Shares Outstanding ('000)	2,310,971	2,337,511	-1.1%	2,310,971	2,337,511	-1.1%
Closing Stock Price	26.36	22.98	14.7%	1.6	1.7	-5.2%
NA=Not Applicable						