

**Grupo Sanborns S.A.B. de C.V.**  
**Earnings Report**  
**3Q 2014**

Mexico City, October 23, 2014 – Grupo Sanborns, S.A.B. de C.V. (BMV: GSANBOR OTC: GSAOY) announced today its results for the third quarter of 2014.

**HIGHLIGHTS AND RELEVANT EVENTS**

- **Total sales** grew 1.1% during the quarter and 0.4% for the first nine months of the year.
- **Sears** increased 2.9% its total sales and 0.2% its SSS. Excluding the stores under renovation Sears increased 5.0% its total sales and 2.3% its SSS.
- **iShop/MixUp** increased 2.2% its total sales and 1.0% its SSS.
- The credit portfolio reached \$9,126 MM Ps while interest income totaled \$691 MM Ps, 7.3% and 0.9% additional respectively, compared to the 3Q13.
- In the 3Q14 one Sanborns and four iShop were opened, while the retail area grew 35,215 Sqm compared to the 3Q13.

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

Consolidated Results	3Q14	3Q13	Var%	9M14	9M13	Var%
Revenues	9,028	8,933	1.1%	27,537	27,424	0.4%
Gross Profit	3,720	3,644	2.1%	11,151	11,104	0.4%
Operating Income	755	903	-16.3%	2,539	2,965	-14.4%
Controlling Net Income	527	620	-15.0%	1,650	2,027	-18.6%
EBITDA	967	1,080	-10.5%	3,146	3,486	-9.8%
Gross Margin	41.2%	40.8%		40.5%	40.5%	
Operating Margin	8.4%	10.1%		9.2%	10.8%	
EBITDA Margin	10.7%	12.1%		11.4%	12.7%	

**REVENUES**

During the third quarter of the year, the consolidated sales of Grupo Sanborns reached \$9,028 million pesos representing a 1.1% increase or \$95 million pesos more. Sears posted a 2.9% increase in **total sales** that went up to 5.0% when excluding the stores under refurbishment. iShop/MixUp increased 2.2% its total sales, while Sanborns decreased 2.9%. On a cumulative basis, consolidated sales grew 0.4%.

Soft-lines stood out recording higher sales in the summer vacations and back to school period, benefiting mainly the performance in August. Customer traffic in the months of July and September was lower, therefore **same store sales (SSS)** by format resulted as follows: 0.2% in Sears, 1.0% in Shop/MixUp and -3.8% in Sanborns. Although a quarter on quarter improvement was observed in the SSS of both Sears and iShop/MixUp, the SSS of Sanborns declined due to lower sales of some categories that remained pressured such as electronics and technology which had less promotional support.

It is also important to notice that the operation was affected by the partial closure of 9 Sears stores and 3 Sanborns stores under renovation during the quarter.





Excluding the stores under renovation, the SSS of Sanborns and Sears during the quarter showed a variation of 2.3% and -3.6%, respectively.

Cumulatively, the SSS of the Sears stores under remodeling totaled \$190 MM Ps and \$43 MM Ps for Sanborns. Excluding these figures, the SSS of Sears and Sanborns reported a variation of 0.7% and -3.0% in the first nine months of the year, respectively.

**Same Stores Sales (SSS)**

SSS	3Q14	3Q13	9M14	9M13
<b>Sears</b>	<b>0.2%</b>	<b>-1.1%</b>	<b>-1.0%</b>	<b>2.1%</b>
<i>Sears ex/R</i>	2.3%	-0.6%	0.7%	2.3%
<b>Sanborns</b>	<b>-3.8%</b>	<b>-3.3%</b>	<b>-3.4%</b>	<b>-0.3%</b>
<i>Sanborns ex/R</i>	-3.6%	-3.2%	-3.0%	-0.1%
<b>iShop y Mixup</b>	<b>1.0%</b>	<b>-4.0%</b>	<b>-3.0%</b>	<b>-1.8%</b>

ex/R: Excluding stores under renovation

**Revenues by Format**

(MM Ps)	3Q14	3Q13	Var%	9M14	9M13	Var%
Sears	4,791	4,654	2.9%	14,293	14,047	1.8%
Sanborns	2,660	2,739	-2.9%	8,546	8,759	-2.4%
iShop/Mixup	1,016	994	2.2%	3,008	2,960	1.6%
Other*	561	546	2.8%	1,690	1,657	2.0%
<b>Total</b>	<b>9,028</b>	<b>8,933</b>	<b>1.1%</b>	<b>27,537</b>	<b>27,424</b>	<b>0.4%</b>

Credit Indicators	3Q14	3Q13	Var%
Loan Portfolio (MM Ps)	9,126	8,502	7.3%
Num. Credit cards issued (MM)	3.22	3.01	6.9%
Non-performing loans (%)	3.8%	2.8%	

The number of cards issued of all the formats rose 6.9% reaching 3.22 million plastics at the end of September 2014, compared to 3.01 million at the end of the same quarter last year. The loan portfolio reached \$9,126 MM Ps, being 7.3% higher than the portfolio registered in the 3Q13.

The percentage of non-performing loans (NPLs) over 90 days was 3.8%, which is above 2.8% from the previous year, but remained stable compared to the second quarter of 2014. The NPL indicator is below the market.

Credit revenues went from \$ 685 to \$ 691 MM Ps in the quarter, representing an increase of 0.9% or \$6 million pesos more.

**COGS AND SG&A**

During the third quarter of the year, the cost as percentage of sales decreased 40 basis points, improving the gross margin, which rose from 40.8% to 41.2%. This was explained by the sales mix, with more contribution of categories of higher gross margin in both Sears and Sanborns.

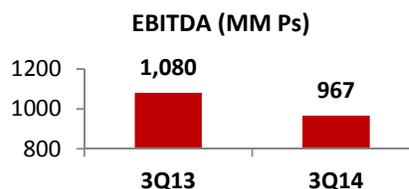
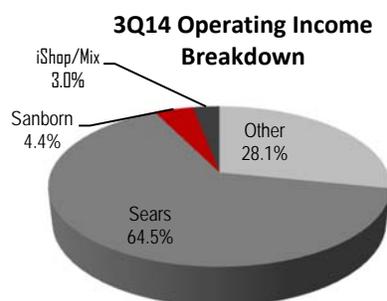


Operating and administration expenses represented 32.7% of sales due to several factors: i) an increase in non-performing loans and its provision, ii) higher expenses and depreciation resulting from the expansion and iii) an increase in the provision of advertising expenses.

### OPERATING INCOME AND EBITDA

Operating income during the third quarter of the year totaled \$755 MM Ps, decreasing 16.3% when compared to the same period of 2013. As a consequence the operating margin went down 170 basis points from 10.1% to 8.4%.

EBITDA for the quarter totaled \$967 MM Ps, or a 10.5% reduction compared to the 3Q13, while the EBITDA margin was 10.7%.



### COMPREHENSIVE FINANCIAL COST

Financial Results	3Q14	3Q13	Var%	9M14	9M13	Var%
Interest Expenses	-28	-18	52.8%	-83	-77	8.9%
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	73	89	-18.0%	226	232	-2.6%
<b>Interest (net)</b>	<b>44</b>	<b>70</b>	<b>-36.6%</b>	<b>142</b>	<b>155</b>	<b>-8.3%</b>
ForEx Results	-3.2	-2	63.2%	-5	4	NA
<b>CFR</b>	<b>41</b>	<b>68</b>	<b>-39.5%</b>	<b>137</b>	<b>159</b>	<b>-13.7%</b>

NA= Not applicable

During the 3Q14 a positive comprehensive financial result (CFR) of \$41 MM Ps was recorded, which was lower than a positive CFR of \$68 MM Ps in the 3Q13. Interest income reduced \$16 million pesos due to a lesser amount of investments and a decline in the lending interest rate.

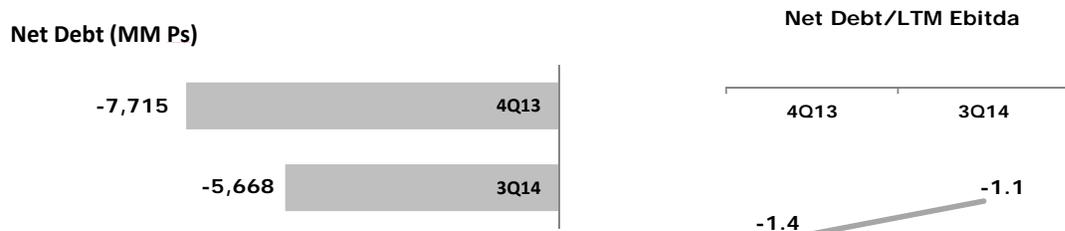
### NET INCOME

Controlling net income totaled \$527 MM Ps, compared to a controlling net income of \$620 MM Ps recorded in the 3Q13.



**FINANCIAL STRUCTURE**

At September 30, 2014 Grupo Sanborns had zero debt. The amount of cash and short-term investments totaled \$5,668 MM Ps compared to \$7,715 MM Ps at the end of December 2013. This reduction of \$2,047 MM Ps in cash is explained by the payment in June of the first installment of the dividend, and the financing of the expansion plan, where the openings and renovations of stores accelerated.



**CAPITAL EXPENDITURES (CapEx)**

During the first nine months of the year CapEx increased 104.6%, reaching \$1,727 MM Ps compared to \$844 MM Ps of investments made during the first nine months of 2013.

**NEW UNITS**

Sales area reached 1,023,206 Sqm at September 30, 2014 comprising 427 units, which represented an increase of 3.6% or 35,215 Sqm more versus the prior year. Sears increased 5.1% its sales area while Sanborns increased 1.7%.

Sales Area	September 2014			September 2013			sqm Var%
	Units	Sq meters	Leasable	Units	Sq meters	Leasable	
Sears	82	655,043		79	623,007		5.1%
Sanborns	169	256,536		167	252,188		1.7%
iShop/Mixup	113	38,798		112	40,896		-5.1%
Other*	63	72,829		62	71,900		1.3%
Shopping Centers	2		71,225	2		73,725	-3.4%
<b>Total</b>	<b>429</b>	<b>1,023,206</b>		<b>422</b>	<b>987,991</b>		<b>3.6%</b>

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

During the quarter the following changes in stores were recorded:

- Sanborns Veracruz El Dorado was opened and Sanborns Guadalajara Plaza Bonita was closed,
- Four iShop stores were opened: Colima Zentrallia, Perinorte State of Mexico, Nuevo Veracruz and Quinta Alegria in Playa del Carmen, Q.R.,
- MixUp Plaza Oriente in Mexico City was closed,
- Sanborns Café Tijuana Otay was closed.

For the 4Q14 eight new units are scheduled to be opened: 3 Sanborns stores (WTC and Toreo located in Mexico City and Monterrey Nuevo Sur), 4 iShops (Campeche, Serdan Puebla, Toluca and Toreo) and Sears Celaya Galerías.



**RENOVATIONS**

**Sears**

Major and partial renovations of 6 Sears stores will be completed in the 4Q14. The progress in stage III and stage I of the major renovations of 3 Sears stores, as well as the partial renovations of 2 stores will be delivered in the first half of 2015.

**Sanborns**

During the 3Q14 the renovation of Sanborns Toluca Centro and Sanborns Pedregal concluded. Additionally the stage I of Sanborns Satelite began, expansion estimated to be completed in the first half of 2015.

SEARS			SANBORNS		
	Status	Delivery Date		Status	Delivery Date
<b>New Stores</b>			<b>New Stores</b>		
Mazatlan		2Q14	Bamer		2Q14
Los Mochis		2Q14	Veracruz El Dorado		3Q14
Celaya Galerias		4Q14	WTC		4Q14
Monterrey Esfera		1Q15	Toreo		4Q14
			Monterrey Nuevo Sur		4Q14
<b>Renovations</b>			<b>Renovations</b>		
<b>Major:</b>			<b>Major:</b>		
Plaza Universidad		2Q14	Hermosillo		2Q14
Forjadores Tijuana		2Q14	Veracruz Américas		2Q14
Merida Plaza		4Q14	Toluca Centro		3Q14
Tangamanga SLP		4Q14	Pedregal		3Q14
WTC		4Q14	Satelite (Expansion)	Stage I	1S15
Monterrey San Agustin	Stage III	1S15			
Lindavista	Stage III	1S15			
Satelite (Expansion)	Stage I	1S15			
<b>Parciales:</b>					
Queretaro		4Q14			
Leon Plaza		4Q14			
Xalapa Plaza		4Q14			
Meteppec	Stage I	1S15			
Ensenada	Stage I	1S15			

**WORKING CAPITAL**

The balance of the inventories account at September 30, 2014 was \$8,876 MM Ps, being 2.1% lower than the balance at December last year. Moreover, the accounts payable to suppliers were \$4,190 MM Ps, amount 34.7% lower than the figure recorded in the 4Q13. Accounts receivable net totaled \$8,715 MM Ps being 7.9% lower than the balance recorded at the same item at end-4Q13.

**CONFERENCE CALL**

Date: Friday October 24, 2014  
Time: 9:00 A.M. Mexico City Time/10:00 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](mailto:napinag@condumex.com.mx)

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**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.

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**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						(MM USD)							
(MXN MM)	3Q14		3Q13		Var %	9M14		9M13		Var %	3Q14	3Q13	Var %
Revenues	8,338	92.4%	8,249	92.3%	1.1%	25,417	92.3%	25,415	92.7%	0.0%	636	639	-0.4%
Consumer Credit Income	691	7.6%	685	7.7%	0.9%	2,121	7.7%	2,008	7.3%	5.6%	53	53	-0.6%
<b>Total Revenues</b>	<b>9,028</b>	<b>100.0%</b>	<b>8,933</b>	<b>100.0%</b>	<b>1.1%</b>	<b>27,537</b>	<b>100.0%</b>	<b>27,424</b>	<b>100.0%</b>	<b>0.4%</b>	<b>689</b>	<b>692</b>	<b>-0.5%</b>
COGS	5,308	58.8%	5,289	59.2%	0.4%	16,386	59.5%	16,320	59.5%	0.4%	405	410	-1.2%
<b>Gross Profit</b>	<b>3,720</b>	<b>41.2%</b>	<b>3,644</b>	<b>40.8%</b>	<b>2.1%</b>	<b>11,151</b>	<b>40.5%</b>	<b>11,104</b>	<b>40.5%</b>	<b>0.4%</b>	<b>284</b>	<b>282</b>	<b>0.6%</b>
SG&A	2,949	32.7%	2,775	31.1%	6.3%	8,656	31.4%	8,211	29.9%	5.4%	225	215	4.7%
Other income (expenses)	-16	-0.2%	34	0.4%	NA	-44	-0.2%	-72	-0.3%	-39.7%	-1	3	NA
<b>Operating Income</b>	<b>755</b>	<b>8.4%</b>	<b>903</b>	<b>10.1%</b>	<b>-16.3%</b>	<b>2,539</b>	<b>9.2%</b>	<b>2,965</b>	<b>10.8%</b>	<b>-14.4%</b>	<b>58</b>	<b>70</b>	<b>-17.6%</b>
Comprehensive Financial Result	41	0.5%	68	0.8%	-39.5%	137	0.5%	159	0.6%	-13.7%	3	5	-40.4%
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%
<b>Income before Taxes</b>	<b>797</b>	<b>8.8%</b>	<b>971</b>	<b>10.9%</b>	<b>-18.0%</b>	<b>2,676</b>	<b>9.7%</b>	<b>3,124</b>	<b>11.4%</b>	<b>-14.3%</b>	<b>61</b>	<b>75</b>	<b>-19.2%</b>
Taxes	218	2.4%	286	3.2%	-23.9%	874	3.2%	895	3.3%	-2.4%	17	22	-25.1%
<b>Consolidated Net Income</b>	<b>579</b>	<b>6.4%</b>	<b>685</b>	<b>7.7%</b>	<b>-15.5%</b>	<b>1,803</b>	<b>6.5%</b>	<b>2,229</b>	<b>8.1%</b>	<b>-19.1%</b>	<b>44</b>	<b>53</b>	<b>-16.7%</b>
Profit attributable to non-controlling int.	51	0.6%	64	0.7%	-20.5%	152	0.6%	202	0.7%	-24.6%	4	5	-21.7%
<b>Profit attributable to owners of parent Co.</b>	<b>527</b>	<b>5.8%</b>	<b>620</b>	<b>6.9%</b>	<b>-15.0%</b>	<b>1,650</b>	<b>6.0%</b>	<b>2,027</b>	<b>7.4%</b>	<b>-18.6%</b>	<b>40</b>	<b>48</b>	<b>-16.3%</b>
<b>EBITDA</b>	<b>967</b>	<b>10.7%</b>	<b>1,080</b>	<b>12.1%</b>	<b>-10.5%</b>	<b>3,146</b>	<b>11.4%</b>	<b>3,486</b>	<b>12.7%</b>	<b>-9.8%</b>	<b>74</b>	<b>84</b>	<b>-11.9%</b>

Balance Sheet figures				(MM USD)		
(MXN MM)	3Q14	4Q13	Var %	3Q14	4Q13	Var %
Cash & Equivalents	3,128.3	4,594.3	-31.9%	238.6	352.6	-32.3%
Short T. Investments	2,539.7	3,120.7	-18.6%	193.7	239.5	-19.1%
Trade Receivables, Net	8,714.7	9,462.9	-7.9%	664.7	726.3	-8.5%
Inventories	8,875.8	9,070.6	-2.1%	677.0	696.2	-2.8%
Other Current Assets	627.4	729.4	-14.0%	47.9	56.0	-14.5%
<b>Current Assets</b>	<b>23,885.9</b>	<b>26,977.9</b>	<b>-11.5%</b>	<b>1,821.9</b>	<b>2,070.7</b>	<b>-12.0%</b>
Accounts Receivable, Net	46.0	57.5	-20.0%	3.5	4.4	-20.5%
Other investments	1.4	1.4	0.0%	0.1	0.1	-0.6%
PP&E, Net	10,796.3	9,733.2	10.9%	823.5	747.1	10.2%
Investment Property	1,687.7	1,687.7	0.0%	128.7	129.5	-0.6%
Intangible Assets, Net	1.5	1.7	-12.0%	0.1	0.1	-12.5%
Other Non-Current Assets	913.0	908.5	0.5%	69.6	69.7	-0.1%
<b>Non-Current Assets</b>	<b>13,445.9</b>	<b>12,390.0</b>	<b>8.5%</b>	<b>1,025.6</b>	<b>951.0</b>	<b>7.8%</b>
<b>Total Assets</b>	<b>37,331.8</b>	<b>39,367.9</b>	<b>-5.2%</b>	<b>2,847.5</b>	<b>3,021.7</b>	<b>-5.8%</b>
Short-Term Bank Loans	0.0	0.0	0.0%	0.0	0.0	0.0%
Trade Payables	4,190.3	6,417.0	-34.7%	319.6	492.5	-35.1%
Taxes Payable	1,037.2	1,257.5	-17.5%	79.1	96.5	-18.0%
Other Current Liabilities	3,192.8	2,255.4	41.6%	243.5	173.1	40.7%
<b>Current Liabilities</b>	<b>8,420.2</b>	<b>9,929.9</b>	<b>-15.2%</b>	<b>642.3</b>	<b>762.2</b>	<b>-15.7%</b>
Long-Term Bank Loans	0.0	0.0	0.0%	0.0	0.0	0.0%
Deferred Tax Liabilities	1,129.1	1,335.3	-15.4%	86.1	102.5	-16.0%
Other Non-Current Liabilities	111.3	91.3	0.0%	8.5	7.0	21.2%
<b>Non-Current Liabilities</b>	<b>1,240.4</b>	<b>1,426.6</b>	<b>0.0%</b>	<b>94.6</b>	<b>109.5</b>	<b>-13.6%</b>
<b>Total Liabilities</b>	<b>9,660.6</b>	<b>11,356.5</b>	<b>-14.9%</b>	<b>736.9</b>	<b>871.7</b>	<b>-15.5%</b>
<b>Stockholder's Equity</b>	<b>27,671.1</b>	<b>28,011.4</b>	<b>-1.2%</b>	<b>2,110.6</b>	<b>2,150.0</b>	<b>-1.8%</b>
Shares Outstanding (´000)	2,347,842	2,355,000	-0.3%	0.0	0.0	0.0%
Stock Price	22.55	27.65	-18.4%	1.7	2.1	-19.0%
NA=Not Applicable						