

**COMMENTS AND ANALYSIS BY THE ADMINISTRATION ABOUT THE OPERATIONAL RESULTS AND FINANCIAL SITUATION OF THE COMPANY AT THE END OF THE FIRST QUARTER 2015**

(FIGURES IN MILLIONS OF PESOS)

Million MXP: millions of mexican pesos  
US dollars: currency of the US

**RESULTS FOR 1Q15**

**Total revenues** during the 1Q15 totaled \$5,584.1 Million MXP, representing an increase of 14.1% compared to 1Q14; The increase is mainly due to the new units, stores and restaurants of the period.

Regarding **same-store sales**, there was an increase of 4.4%, totaling \$4,926.8 Million MXP.

**Cost of sales** recorded during the first quarter of the year was \$3,426.6 Million MXP. As percentage on sales it represented 61.0% in 1Q15 compared to 60.0% recorded in the same period during the previous year.

In 1Q15, the **gross revenue** increased by 10.1% with respect to the 1Q14, recording at the close of the period, the amount of \$2,157.5 Million MXP, which represents 39.0% of the gross margin compared to 40.0% in 1Q14.

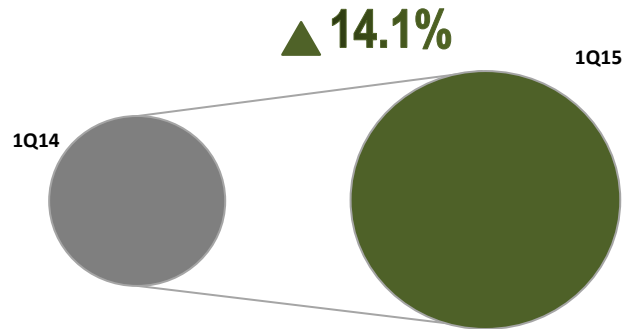
**Operating Expenses** (excluding the reasonable value of the investment properties for \$221.7 Million MXP in 1Q14 compared to \$196.9 Million MXP in 1Q15) amount to \$1,608.3 Million MXP in this quarter, which represents an increase of 7.3% compared to those recorded in 1Q14. The increase is mainly due to the contribution of the acquisitions made by the subsidiaries.

**Operating Flow** defined as operating revenue plus depreciation, amortization and changes in the reasonable value of the investment properties, totaled \$709.2 Million MXP in the quarter, which is 8.5% greater than in the same quarter of the previous year.

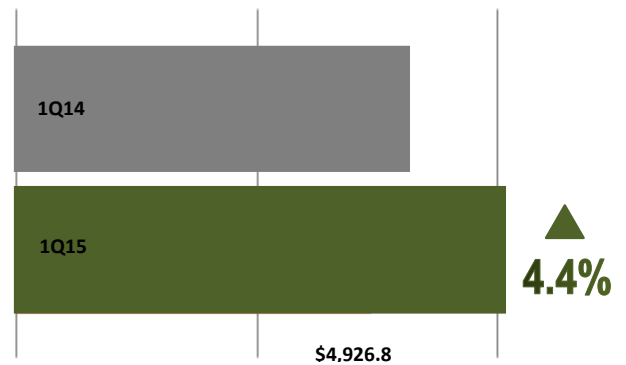
The loss recorded in **Financial Cost** in the quarter was for \$383.4 Million MXP, with an increase of 177.6% compared to the same period in 2014. This is mainly due to the loss from the fluctuation in the exchange rate, generated for the most part by the listed debt contracted in Dollars, and furthermore from the increase in the bank interests owed.

The **Consolidated Net Revenue** was \$238.6 Million MXP, which compared with the 1Q14 recorded a decrease of 36.7%, mainly related with the financial cost explained above.

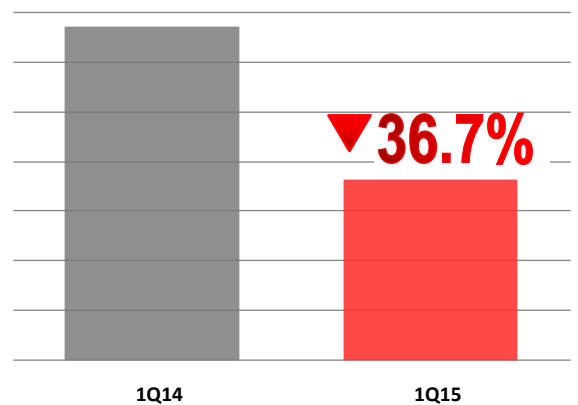
TOTAL REVENUES



SAME STORE SALES



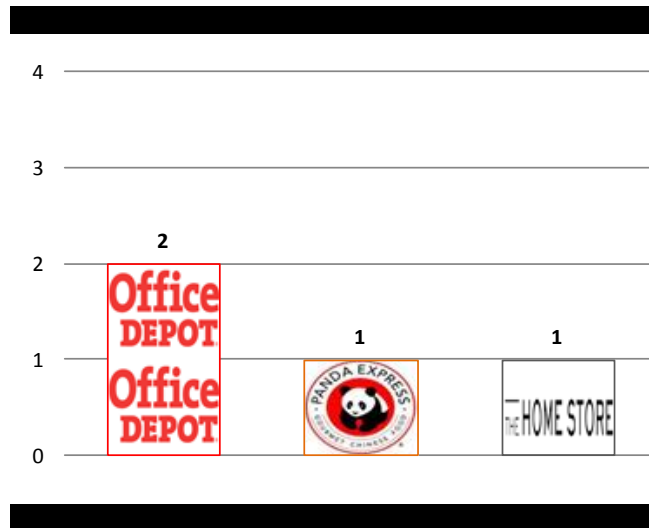
CONSOLIDATED NET REVENUE



## Units in operation.

During the first quarter of 2015, we opened:

### NUMBER OF OPENINGS IN THE QUARTER



On March 2015, Restaurantes Toks acquired 46 Restaurantes California and 7 Beer Factory.

On the other hand, 2 Office Depot stores, 1 Restaurantes Toks and 2 Panda Express were closed.

With the inclusion of these stores and restaurants, as of the closing of the first quarter, the total number of units in operation of the group's subsidiaries was 537 with a total of 396,400 m<sup>2</sup> of sales floor and 40,844 seats.

Under the Joint Venture system we have 6 Petco stores as of 1Q15.

## Relevant Events



On February 6, 2015, Grupo Gigante informed the investing public on the approval by the Federal Competition Commission (COFEC) to carry out the transaction to purchase all of the shares in Restaurantes California, S.A. de C.V., company that owns the trademarks and operates the "Restaurantes California" and "Beer Factory" units. The purchase was finally closed through the acquisition payment for \$1,103 Million MXP to Controladora Comercial Mexicana on March 12, 2015.



On March 27, 2015, Grupo Gigante executed, through its subsidiary Office Depot de México, S.A. de C.V., a purchase agreement to acquire 100% of the shares representing the capital stock of RadioShack de México, S.A. de C.V., Retail Answers, S.A. de C.V. and Logistic Answers, S.A. de C.V. ("RadioShack"), as well as all of the trademarks, trade names, domains and other industrial property rights related with the operation of RadioShack in Mexico. This transaction is subject to regulatory approval by the relevant authorities.

Grupo Gigante once again reiterated its commitment to timely inform the public about the relevant events according to the regulatory provisions through the electronic means made available for issuers of the National Banking and Securities Commission (CNBV), the Mexican Stock Exchange (BMV) as well as its web site ([www.grupogigante.com.mx](http://www.grupogigante.com.mx)).

## FINANCIAL SITUATION MARCH 2015 VS DECEMBER 2014

The Company did not execute significant transactions that were not registered in the balance sheet.

### Current assets

**Other Current Assets.** This account records a 27.2% growth compared to 2014, resulting from redeemable advance payments made during the year.

### Long Term Assets

**Investments in joint businesses and associates.** This account recorded a \$1,124.0 Million MXP arisen from the investments in associates in 3 real estate developments.

### Current liabilities

**Suppliers.** This account shows an increase of 18.3% compared to year 2014, recording as of the close of 1Q2015, \$2,596.7 Million MXP.

**Short-term Financial Debt.** There is an increase of 14.9% due to the acknowledgment in current liabilities of amortizations of principal due in 2016.

### Long Term Liabilities

**Long-term Financial Debt.-** A 27.7% increase is observed due to the execution of the loan entered into for the acquisition of Restaurantes California and the partial drawdown of another loan for the real estate segment.

**Securities Credits.** The 3.6% variation in this account results from the change assessment as of the closing of the period of the securities credit in Dollars.

## FINANCIAL RATIOS

|   | TO MAR 2015 | TO DEC 2014 | VAR   |
|---|-------------|-------------|-------|
| Total liabilities to total assets                       | 0.54        | 0.52        | 0.02  |
| Total liabilities to stockholder's equity               | 1.19        | 1.07        | 0.12  |
| Current assets to current liabilities                   | 2.64        | 2.69        | -0.05 |
| Current assets minus inventories to current liabilities | 1.69        | 1.72        | -0.03 |
| Current assets to total liabilities                     | 0.55        | 0.59        | -0.04 |

\* Information expressed in times.

## SOURCES OF LIQUIDITY AND CAPITAL RESOURCES

In addition to generating a cash flow from the operation, the subsidiaries of the Group have taken out revolving credits and letters of credit with banking institutions in order to cover the working capital needs.

Credit letters. At the close of the first quarter 2015, the subsidiaries had letters of credit on US dollars at \$15 million available to them. The percentage used from the total available was:

# 21.0%

Bank loans in Pesos. As of the closing of the first quarter of 2015, there are bank loans in force in Pesos, for a total of:

(Of principal amount, without taking into account the expenses for the opening of credit).

**7,945.0 mdp.**

Securities credits. As of the closing of the first quarter of 2015, the Company has a securities credit in force for a total of USD \$350.0 Million, equivalent to:

(Considering the exchange rate as of the closing of the period, without taking into account the expenses for credit opening).

**5,334.9 mdp.**

## **POLICIES GOVERNING THE TREASURY**

The banking conciliations are carried out on a monthly basis and are reviewed by a different area than the one that generated the movements.

Investments are made, previous analysis of the cash excess and the purchase, and sale conditions and the expiration of same, as well as the authorization by the finance departments or areas, pursuant to the policies and procedures established. Investment operations are recorded once the fund transfer is made to the selected financial institution, that is, in the period corresponding to it. Interests accrued on the investments are recorded in the period of accrual and are compared with the bank statements through banking conciliations.

Financing requests are approved by the authorized attorneys-in-fact and by the authorized directors, and if applicable, by the Finance and Planning Committee and/or by the Board of Directors, pursuant to the policies and procedures established.

Once the credit is obtained, it is recorded in the loan books, pursuant to the agreements executed. Records for interests and payments made are periodically made, pursuant to the transfers made to the financial institutions and they are conciliated periodically with support documentation. Compliance with the clauses set forth in the executed loan agreements is constantly reviewed.

The management is not authorized to hire derivative financial instruments. The Finance and Planning Committee is the body in charge of analyzing and, if applicable, of approving the hiring of these financial instruments.

### **Currencies of cash and temporary investments**

The Company has cash and cash equivalents invested in Mexican currency and in Dollars, both in checking accounts and on investments in securities; classified as investments with negotiation purposes and available for sale.

The cash and cash equivalents will continue to be invested pursuant to the policies established with basis on the strategic plan approved by the Board of Directors and pursuant to the guidelines of the Finance and Planning Committee.

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## MATERIAL TAX CREDITS OR LIABILITIES

At the close of 1Q15, the Company is up to date with its tax obligations.

The internal controls of the Company are focused on the safeguard of assets, on the compliance of the policies and procedures established, on the detection and prevention of fraud and on the generation of reliable financial information.

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## FINANCIAL ANALYST

Grupo Gigante informs that it is in process of changing the institution providing the analysis coverage. Discussions are in an advanced stage and will be timely informed when relevant.

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## GENERAL INFORMATION

Grupo Gigante, S.A.B. DE C.V.  
BMV Ticker Code: Gigante\*  
[www.grupogigante.com.mx](http://www.grupogigante.com.mx)

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## GRUPO GIGANTE, S.A.B. DE C.V.

Consolidated Balance Sheets  
As of march 31, 2015 and december 31, 2014  
(In millions of mexican pesos)

| Concept  | 2015            | 2014            |
|--|-----------------|-----------------|
| <b>Total Assets</b>                                    | <b>35,567.7</b> | <b>33,293.3</b> |
| Current Assets   | 10,694.5        | 10,151.8        |
| Investment in Shares                                   | 1,701.7         | 577.7           |
| Property and Equipment - Net and Investment Properties | 21,171.5        | 20,725.5        |
| Uncollected accrued income                             | 64.8            | 63.6            |
| Goodwill and other intangible assets - Net             | 1,935.1         | 1,774.7         |
| <b>Total Liabilities</b>                               | <b>19,313.4</b> | <b>17,214.1</b> |
| Current Liabilities                                    | 4,047.5         | 3,767.9         |
| Long - Term Bank Loans                                 | 7,396.2         | 5,792.6         |
| Term Debt Securities                                   | 5,249.4         | 5,067.7         |
| Deferred Taxes   | 2,076.2         | 1,987.7         |
| Tax by fiscal desconsolidation                         | 283.5           | 299.0           |
| Prepaid rents and rent holidays received               | 192.3           | 193.4           |
| Employee Benefits                                      | 68.4            | 105.9           |
| <b>Stockholders' Equity</b>                            | <b>16,254.2</b> | <b>16,079.2</b> |



## GRUPO GIGANTE, S.A.B. DE C.V.

Consolidated Statements of Income  
From January 1 to March 31, for each year.  
(In Millions of Mexican Pesos)

| Concept  | 2015           | 2014           |
|--|----------------|----------------|
| Revenue  | 5,584.1        | 4,893.8        |
| Cost of Sales  | 3,426.6        | 2,933.9        |
| <b>Gross Revenue</b>   | <b>2,157.5</b> | <b>1,959.9</b> |
| Operating Expenses   | 1,411.4        | 1,276.9        |
| <b>Operating Income</b>  | <b>746.1</b>   | <b>683.0</b>   |
| Financial Cost   | 383.4          | 138.1          |
| Result in Associates   | 3.9            | -1.0           |
| <b>Income from Continuing Operations before<br/>Income Taxes</b> | <b>366.6</b>   | <b>543.8</b>   |
| Expensive Taxes  | 128.0          | 166.7          |
| <b>Income from Continuing Operations</b>                         | <b>238.6</b>   | <b>377.1</b>   |
| Discontinued Operations  | 0.0            | 0.0            |
| <b>Consolidated Net Income</b>                                   | <b>238.6</b>   | <b>377.1</b>   |
| Net Income of Minority Stockholders                              | 2.8            | 3.1            |
| Net Income of Majority Stockholders                              | 235.8          | 374.0          |