

**COMMENTS AND ANALYSIS BY THE ADMINISTRATION ON  
THE OPERATIONAL RESULTS AND FINANCIAL SITUATION OF  
THE COMPANY AT THE CLOSE OF THE FIRST QUARTER 2013**  
(FIGURES IN MILLIONS OF PESOS)

Million MXP: Millions of Pesos

Dollars: American Dollars

**RESULTS FOR 1Q13**

**Total sales** during the 1Q13 amounted to \$4,679.2 Million MXP, representing an increase of 1.7% with respect to 1Q12; regarding the **same-store sales**, there was a decrease of 2.6%, totaling \$4,384.5 Million MXP.

**Cost of sales** recorded during the first quarter of the year was \$2,916.7 Million MXP. As percentage on sales it represented a 62.0% in 1Q13 compared to the 63.0% recorded in the same period of the previous year.

In the 1Q13, the **gross revenue** increased by 4.8% with respect to the 1Q12; therefore, at the close of the period, the amount of \$1,762.5 Million MXP was recorded, which represents 38% of gross margin compared to 37% recorded in 1Q12.

**Operating Expenses** during the 1Q13 totaled \$1,294.4 Million MXP, which represents a 6.5% increase compared to those recorded in 1Q13. As a percentage on sales it represents a level of 27.7% compared to the 26.4% recorded on the same period of the previous year.

**Operating Flows** defined as operating revenue plus depreciation and amortization summed \$611.3 Million MXP in the quarter, which is 5.7% more than the one recorded in the same quarter in the previous year.

The **financial cost** loss was smaller by \$28.5 Million MXP, with a variation of 48.5% when this figure is compared with the same period in 2012. The decrease is due to the fact that in 2013 there was a smaller exchange loss.

The **Consolidated Net Revenue for continuous operations** was \$286.1 Million MXP, which compared to 1Q12 showed a diminishment of 1.1%. This effect is explained due to the increase in taxes during the tax year.

The **Consolidated Net Revenue** for 1Q13 was \$286.1 Million MXP, which represents an increase of 98.6% compared with the same period in 2012. This increase was generated for the acknowledgment of the loss for discontinuation of the Tiendas Super Precio subsidiary in the 2012 results.

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**Units in Operation.** During the first quarter of 2013, 1 Office Depot store was opened and 3 units were strategically closed: one Toks restaurant and two Office Depot stores.

By the inclusion and closing of these stores, the total number of units in operation at the close of the first quarter was 387 with a total of 348,905 m<sup>2</sup> of sales floor and 23,950 seats.

**Relevant Events.** During the period from January to March 2013, Grupo Gigante informed to public investors through the Emisnet System of the Mexican Stock Exchange [Bolsa Mexicana de Valores] and Stiv-2 of the National Banking and Securities Commission, the relevant events described below:

- On January 24, 2013, Grupo Gigante announced the execution of a strategic partnership with Petco Animal Supplies Stores Inc. (Petco), whereby pets, accessories and animal food stores will be developed in Mexico and Latin America. This format is included within the “Specialized Retail” division of Grupo Gigante.
- On February 5, 2013, Grupo Gigante informed on its strategic alliance with “SAP” to give rise to the company “Gigante IT” (a subsidiary of Grupo Gigante) which commercial name will be known as “Align Pro”. Align Pro will provide technology services, commercializing, among others, SAP specialized products. The broad experience of Grupo Gigante has allowed to develop this business concept, being selected by SAP as “High Level Strategic Partner” for the development and commercialization of these products.
- Grupo Gigante made public to the market, as part of its strategic options, its interest to acquire the remaining 50% in Office Depot de México, owned by its partner Office Depot Inc. As of the date of filing of this quarterly report the negotiation discussions with its American partner Office Depot Inc. continue.

Grupo Gigante once again reiterates 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) and the Mexican Stock Exchange (BMV), as well as in Grupo Gigante’s web page ([www.grupogigante.com.mx](http://www.grupogigante.com.mx)).

## **FINANCIAL SITUATION MARCH 2013 VS. DECEMBER 2012**

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

### **Current Assets**

The **Other accounts receivable – Net** heading at the close of the 1Q13, records a diminishment of 10.25% compared to the close of December 2012, which is mainly due to the accrediting of VAT in the period against the VAT payable.

**Inventory- Net.** This account shows a diminishment of 10.8% with respect to the close of December 2012, mainly caused by less purchases carried out in the period.

**Other Current Assets.** At the end of the first quarter of 2013, this heading showed a variation of 63.4% which is mainly due to advance payments amortized during the year.

### **Long-Term Assets**

**Investments** shows a 136.4% growth arisen from an additional contribution to the trust in Veracruz and to the initial contribution to the “Petco” Company.

**Suppliers.** There is a diminishment of 23.2% compared to the close of the 2012 tax year due to payments of liabilities made in 2012 and less purchases for the cyclic operation of the period.

**Short-Term Bank Loans.** An increase of 81.6% is observed due to the drawdown of the remainder of two bank loans contracted in December 2012.

The **tax payable** account shows a reduction of 18.8%, generated by the diminishment of provisioned taxes in December 2012, which were paid in the first quarter of 2013.

### **Long-Term Liabilities**

**Long-term bank loans.** This account shows an increase of 15.2% generated for a bank loan contracted in March with expiration date in 2018.

### **Financial Ratios**

**Total liabilities to total assets.** At the close of 1Q13, this proportion equaled 0.22 times vs. the figure obtained on december 2012 of 0.23 times.

**Total liabilities to net worth.** At the close of 1Q13, this ratio was equivalent to 0.29 times vs. the figure obtained on december 2012 of 0.30 times.

**Current assets to current liabilities.** At the close of 1Q13, this proportion equaled 2.56 times vs. the figure obtained on december 2012 of 2.34 times.

**Current assets minus inventories to current liabilities.** At the close of 1Q13, this entry equaled 1.62 times vs. the figure obtained on december 2012 of 1.40 times.

**Current assets to total liabilities.** At the close of 1Q13, this ratio was equivalent to 1.43 times vs. the figure obtained on december 2012 of 1.39 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.

**Letters of credit:** At the close of the first quarter 2013, the subsidiaries had letters of credit on US dollars available to them. The percentage used from the total available was 25.9%.

**Revolving Credits and Simple Credits.** At the close of the first quarter 2013, the subsidiaries had lines of credit in Pesos and US Dollars available to them. However, only 83.0% of the line of credit in Pesos was used and 1.5% of the line of credit in US Dollars.

#### **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 1Q13, 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**

“IXE Casa de Bolsa” is following up and covering the analysis of the Company’s securities.

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**General information**

Grupo Gigante, S.A.B. DE C.V.  
BMV Ticker Code: Gigante\*  
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**GRUPO GIGANTE, S.A.B. DE C.V.**

Consolidated Balance Sheets  
 As of march 31, 2013; and december 2012  
 (In Millions of Mexican Pesos)

<b>Concept</b>	<b>31/03/2013</b>	<b>31/12/2012</b>
<b>Total Assets</b>	<b>28,377</b>	<b>28,468</b>
Current Assets	9,094	9,268
Investment in Shares	101	43
Property and Equipment - Net	8,459	8,451
Investment Properties	10,497	10,474
Uncollected accrued income	53	45
Goodwill and other intangible assets - Net	173	187
<b>Total Liabilities</b>	<b>6,378</b>	<b>6,651</b>
Current Liabilities	3,555	3,957
Long - Term Bank Loans	793	688
Deferred Taxes	1,759	1,734
Others	181	180
Employee Benefits	90	92
<b>Stockholders' Equity</b>	<b>21,999</b>	<b>21,817</b>

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

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

Concept	2013	2012
Revenue	4,679	4,601
Cost of Sales	2,917	2,919
<b>Gross Revenue</b>	<b>1,762</b>	<b>1,682</b>
Operating Expenses	1,294	1,216
<b>Operating Income</b>	<b>468</b>	<b>466</b>
Financial cost	-29	-55
<b>Income from Continuing Operations before Income Taxes</b>	<b>439</b>	<b>411</b>
Expensive Taxes	153	122
<b>Income from Continuing Operations</b>	<b>286</b>	<b>289</b>
Discontinued Operations	0	145
<b>Consolidated Net Income</b>	<b>286</b>	<b>144</b>
Net Income of Majority Stockholders	89	107
Net Income of Minority Stockholders	197	37