

**COMMENTS AND ANALYSIS BY THE ADMINISTRATION ABOUT THE  
OPERATIONAL RESULTS AND FINANCIAL SITUATION OF THE COMPANY  
AT THE END OF THE THIRD QUARTER 2014**

(FIGURES IN MILLIONS OF PESOS)

*Million MXP: millions of mexican pesos*

*US dollars: currency of the US*

### RESULTS FOR 3Q14

**Total sales** for the 3Q14 reached \$5,800.5 Million MXP, which represented a 14.9% increase with respect to 3Q13.

Regarding **same-store sales** increased by 1.0%, totaling \$5,002.1 Million MXP. It is important to state that due to closing dates, the quarter of 2014 has 5 days less of sales with respect to the same quarter of 2013.

**Cost of sales** registered during the third quarter of the year totaled \$3,646.2 Million MXP, which represented a 62.9% decrease in 3Q14 compared to 61.0% from the same period the previous year.

In 3Q14, the **gross revenue** increased by 9.4% with respect to the 3Q13; therefore, at the end of the period, the amount of \$2,154.3 Million MXP was recorded, representing a 37.0% gross margin versus a 39.0% from 3Q13.

**Operating Expenses** for the 3Q14 totaled \$1,448.5 Million MXP, which represents a 24.5% increase compared to those recorded in 3Q13.

**Operating Flows** defined as operating revenue plus depreciation, amortization and fair value of the investment properties summed \$762.1 Million MXP, which is 0.4% less than the quarter of the preceding year.

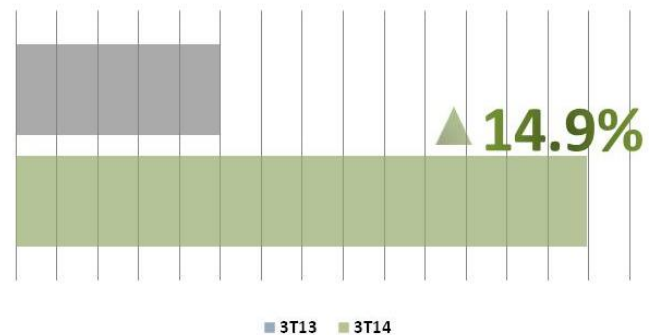
The registered loss of the **financial cost** for this quarter totaled \$322.0 Million MXP with a variation of 55.7% compared to the same period in 2013. The loss was mainly due to the payment of the interests both from the debt securities as well as the bank loan.

The **(loss) profit account for joint businesses** increased by 147% with respect to 2013 derived due to the revenue generated by the "Pet" store during the period.

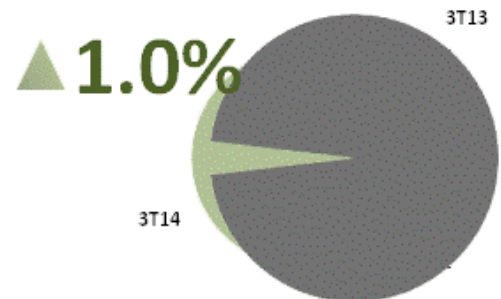
The **consolidated net revenue** was \$247.4 Million MXP, which compared to the 3Q13 represented a 39.9% decrease, fundamentally generated by the financial cost of the debt that was taken out.

The **non-controlling interest** account increased by 232.3%, which is attributed to the non-controlling interest of the real-estate company.

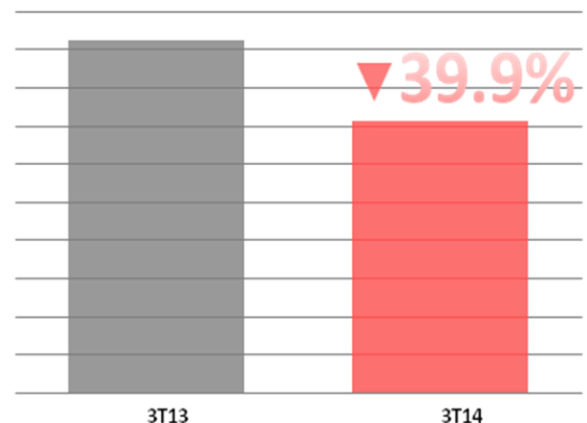
**TOTAL SALES**



**SAME STORE SALES**



**CONSOLIDATED NET REVENUE**



## RESULTS AS OF 3Q14

**Total sales** during the 3Q14 reached \$15,416.4 Million MXP, representing a 8.3% increase with respect to the same period in 2013.

The **same-store sales** decreased by 0.4%, totaling \$13,866.0 Million MXP.

**Cost of sales** accumulated to the third quarter of the year totaled \$9,402.1 Million MXP, which represented a 61.0% decrease in 3Q14 compared to 61.3% registered for the same period the previous year.

To 3Q14, the **gross revenue** increased by 9.3% with respect to the same period the preceding year; therefore, at the close of the period, the amount of \$6,014.3 Million MXP representing 39.0% gross margin from 38.7% to 3T13.

**Operating Expenses** for the 3Q14 totaled \$4,137.1 Million MXP, which represents a favorable variation of 10.3% compared to the amount registered in 3Q13. The percentage of the sales represented 26.8% in 2014 compared to 26.4% for the same year the preceding year.

**Operating Flows** defined as operating revenue plus depreciation, amortization and fair value of the investment properties summed in September 2014 \$1,946.4 Million MXP, which is 0.3% more than in the preceding year.

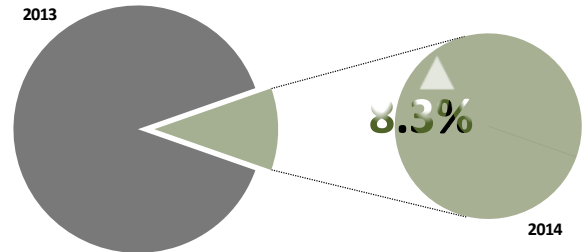
The loss registered in the **financial cost** had a variation of \$390.8 Million MXP compared to the same period in 2013. This variation was due to the interests from the bridge loans taken out by Grupo Gigante to acquire the remaining 50% of the shares of Office Depot de México and from the interests of the bonds placed in international markets by one of its subsidiaries.

The **(loss) profit account for joint businesses** increased by 133.2% with respect to the accumulated third quarter of 2013, generated by the results of the Pet Company during the period.

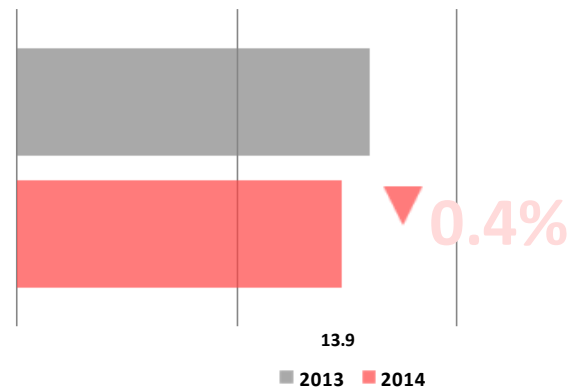
The **consolidated net revenue** was \$875.4 Million MXP, which compared to the same period for 3Q13 registered a decrease by 18.9%.

The **non-controlling interest** account decreased by 95.3%, which was generated by acquiring the remaining 50% of Office Depot de México in July 2013; from this moment, the interest that was non-controlling was registered as controlling.

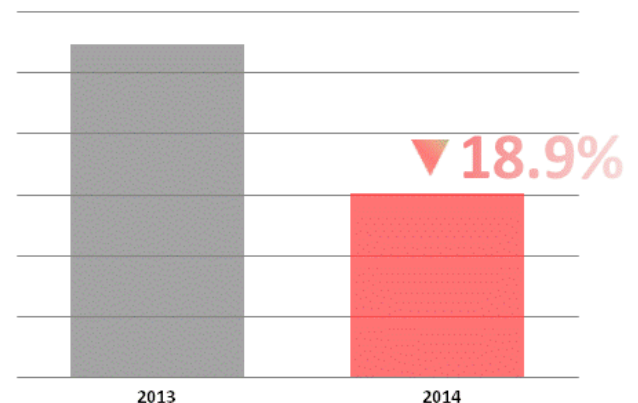
### TOTAL SALES



### SAME STORE SALES

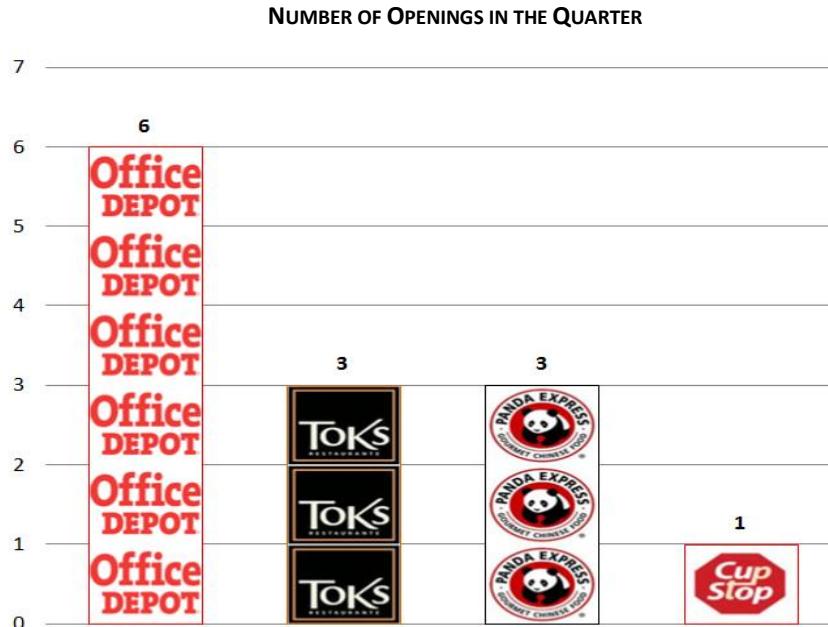


### CONSOLIDATED NET REVENUE



## Units in operation.

During the third quarter of 2014, we opened:



Also, during the third quarter of 2014, the following there closing: 1 The Home Store and 1 Panda Express Restaurant. Additionally, under the joint venture program, a Petco store was opened.

By the opening and closing these stores and restaurants, the total number of units in operation at the close of the third quarter was **467** with a total number of **391,505 m<sup>2</sup>** of sales floor and **27,451 seats**, and under the joint venture program, a total of 4 units of Petco.

## Relevant events.



Grupo Gigante informed that during the execution and according to the provisions in its financial strategy to acquire 50% of Office Depot, on July 09, 2014, it paid the entire exiting balance of the bridge loan taken out on July 09, 2013 with BBVA Bancomer and Credit Suisse AG, Caymán Islands Branch. On this date, Grupo Gigante informed that on July 04, 2014, it entered into a new long-term credit agreement with BBVA Bancomer and with Banco Nacional de México, S.A., a member of Grupo Financiero Banamex. The amount of this new financing was used to cover the aforementioned bridge loan balance as well as the expenses associated with this transaction.



On August 21, 2014, Grupo Gigante informed that the execution of its Business Plan and as part of its growth strategy, it reached an agreement with Controladora Comercial Mexicana (CCM), whereby the entire shares of restaurants California were acquired. This company owns the brand and operations of the restaurants "California" and "Beer Factory".

In compliance of the applicable legal provisions, the operation is subject to the approval from the Comisión Federal de Competencia Económica (Federal Antitrust Commission).

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 SEPTEMBER 2014 VS DECEMBER 2013

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

### *Current assets*

**Cash and Financial Instruments.** A 13.1% decrease was recorded mainly due to the reduction of the fair value in the investments classified for sale.

**Inventories.** This heading registered 15.0% increase with respect to the 4Q13. The increase was mostly generated from the inventory incorporated to Office Depot de México due to the sale of the Casa Marchand stores during the month of April of this year and due to the seasonal purchases.

**Other Current Assets.** This heading registered 32.5% increase with respect to the same period in 2013, resulting from advance payments that are applied at the results during the year.

### *Long-term assets*

**Joint and Associated Investments.** This heading registered an 83.8% increase derived from the investments made in the "Pet" Company (Petco México) during 2014.

**Other Non-Current Assets.** This heading increased by 38.1% mainly because of the real-estate investment projects.

### *Current liabilities*

**Suppliers.** The 16.1% increase that was generated by the account payable for suppliers due to the acquisition of the Casa Marchand stores during the month of April of this year.

**Short Term Bank Loans.** These loans increased by 94.4% due to the payment of the bridge loan with Credit Suisse-BBVA Bancomer through a new long-term syndicated loan taken out with BBVA Bancomer-Banamex.

### *Long term liabilities*

**Long Term Bank Loans.** The increase of 362.2% was generated by taking out a syndicated loan with BBVA Bancomer-Banamex to pay the bridge loan.

**Securities Loan.** This account varied by 3.6% due to the valuation in the exchange at the end of the period of the debt securities in US dollars.

**Other Long-Term Liabilities.** At the end of the third quarter of 2014, a decrease of 6.0% was generated, which was mainly caused by the taxes for deconsolidation that were reclassified as current and that will be paid the following year.

### *Shareholders' Equity*

The **non-controlling interest equity account** increased by 6.8%, which corresponds to the revenue generated during the period with non-controlling interest.

## FINANCIAL RATIOS

	TO SEP 2014	TO DEC 2013	VAR
Total liabilities to total assets	0.52	0.52	0.00
Total liabilities to net worth	1.08	1.07	0.01
Current assets to current liabilities	2.63	1.28	1.35
Current assets minus inventories to current liabilities	1.55	0.83	0.72
Current assets to total liabilities	0.59	0.63	-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.

**Letters of credit.** At the close of the third quarter 2014, the subsidiaries had letters of credit on US dollars available to them. The percentage used from the total available was:

**19.8%**

**Revolving credits and simple credits in pesos.** At the close of the third quarter 2014, the subsidiaries had lines of credit in Pesos, for a total of:

**6,215 mdp**

**Term debt securities.** At the third quarter 2014, one of the subsidiaries of the Company has a term debt securities on US dollars. The percentage used from the total available was:

**4,627 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.

---

### **MATERIAL TAX CREDITS OR LIABILITIES**

At the close of 3Q14, 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.

---

### **FINANCIAL ANALYST**

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

---

### **GENERAL INFORMATION**

Grupo Gigante, S.A.B. DE C.V.  
BMV Ticker Code: Gigante\*  
www.grupogigante.com.mx

#### **Contacts with investors:**

Arturo Cabrera Valladares  
acabrera@gigante.com.mx  
Phone: 52 (55) 52 69 80 82

Jorge Hernández Talamantes  
jhernan4@gigante.com.mx  
Phone: 52 (55) 52 69 81 86



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

Consolidated Balance Sheets

As of sept 30, 2014 and december 31, 2013

(In Millions of Mexican Pesos)

Concept	2014	2013
<b>Total Assets</b>	<b>31,999.3</b>	<b>31,223.5</b>
Current Assets	9,854.6	10,104.8
Investment in Shares	61.2	33.3
Property and Equipment - Net and Investment Properties	20,687.6	20,063.8
Uncollected accrued income	56.5	58.3
Goodwill and other intangible assets - Net	1,339.5	963.3
<b>Total Liabilities</b>	<b>16,634.7</b>	<b>16,128.6</b>
Current Liabilities	3,741.3	7,907.6
Long - Term Bank Loans	5,947.3	1,286.8
Term Debt Securities	4,627.8	4,467.8
Deferred Taxes	1,743.7	1,706.5
Tax by fiscal desconsolidation	299.0	536.3
Others	205.5	209.9
Employee Benefits	70.1	13.8
<b>Stockholders' Equity</b>	<b>15,364.6</b>	<b>15,094.9</b>



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

Consolidated Statements of Income  
From July 1 to September 30, for each year.  
(In Millions of Mexican Pesos)

Concept	2014	2013
Revenue	5,800.5	5,049.3
Cost of Sales	3,646.2	3,080.9
<b>Gross Revenue</b>	<b>2,154.3</b>	<b>1,968.4</b>
Operating Expenses	1,448.5	1,163.2
<b>Operating Income</b>	<b>705.8</b>	<b>805.2</b>
Financial Cost	-322.0	-206.8
Result in Associates	1.2	-2.6
<b>Income from Continuing Operations before Income Taxes</b>	<b>384.9</b>	<b>595.8</b>
Expensive Taxes	137.6	130.3
<b>Income from Continuing Operations</b>	<b>247.4</b>	<b>465.4</b>
Discontinued Operations	0.0	53.8
<b>Consolidated Net Income</b>	<b>247.4</b>	<b>411.7</b>
Net Income of Minority Stockholders	3.1	-2.4
Net Income of Majority Stockholders	244.2	414.0





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

Consolidated Statements of Income  
From January 1 to September 30, for each year.  
(In Millions of Mexican Pesos)

Concept	2014	2013
Revenue	15,416.4	14,229.7
Cost of Sales	9,402.1	8,726.6
<b>Gross Revenue</b>	<b>6,014.3</b>	<b>5,503.1</b>
Operating Expenses	4,137.1	3,750.3
<b>Operating Income</b>	<b>1,877.2</b>	<b>1,752.8</b>
Financial Cost	596.5	205.7
Result in Associates	1.4	-4.3
<b>Income from Continuing Operations before Income Taxes</b>	<b>1,282.1</b>	<b>1,542.8</b>
Expensive Taxes	406.7	478.3
<b>Income from Continuing Operations</b>	<b>875.4</b>	<b>1,064.5</b>
Discontinued Operations	0.0	-15.3
<b>Consolidated Net Income</b>	<b>875.4</b>	<b>1,079.8</b>
Net Income of Minority Stockholders	8.1	172.3
Net Income of Majority Stockholders	867.3	907.6