

## Soriana Announces Third Quarter 2014 Results

- Quarterly Total Revenues of \$24.381 billion pesos.
- 110 basis points increase in Gross margin.
- Opening of 5 new stores in the third quarter.
- Gross Debt reduction of 40% compared with the same quarter of last year.

**Monterrey, N.L., October 24, 2014.-** Organización Soriana, S.A.B. de C.V. (Soriana) announces its third quarter 2014 financial results. Figures are shown in nominal terms and following International Financial Reporting Standards (IFRS).

### Third Quarter 2014 Operating Performance

During the third quarter the Company showed a very similar trend to that observed in previous periods: a clear general weakness persisting in the consumer sector. Total income reached in the quarter \$24.381 billion pesos; which imply a same store sales result of (-5.4%) mainly affected by the temporary closing of stores under remodeling processes, the closing of a store under Mercado Soriana format in April and the temporary closing of stores damaged by hurricane Odile in the region of Baja California Sur last September.

As in previous quarters, the result at profit and gross margin level maintained a correct performance and achieved a Gross Income result of \$5.430 billion pesos, implying a growth of 1% with respect to the third quarter of 2013 and, in turn, a gross margin increase of 110 basis points. In this respect, it is important to emphasize that this good performance in gross margin is the result of a significant improvement in promotional management and administration and that at no time does it mean that the Company sacrificed price competitiveness in exchange for greater gross profit margin.

Operating expenses showed 6.7% increase with respect to last year's third quarter as a result of an investment strategy on greater service intensity to enable offering our customers a closer and friendlier relation and faster operations in our stores. We are certain it will become a catalyst of greater income in the short run.

As a consequence of the foregoing variations, the Company's EBITDA in the quarter achieved \$1.467 billion pesos equal to 6.0% over sales.

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In relation to the items comprising the net finance cost, positive financial expense variation stands out as it decreased by 47.1% as a result of a lower average debt balance and a lower interest rate. In contrast, foreign exchange rate result showed a loss of \$45 million pesos as a result of peso-dollar exchange rate fluctuations.

Tax provision performance shows adjustment as a result of the Tax Reform treatment in effect as of 2014, and particularly in the consolidation of deferred taxes that consequently reduce total tax provision. Despite the aforementioned, cash income taxes in the quarter increased 14.9% with respect to the same quarter last year.

As a result of the foregoing, net earnings in the quarter reached \$818 million pesos equal to 3.4% over the Company's total income, meaning 2.3% growth with respect to the third quarter of 2013 and 30 basis points increase over sales.

### Debt Performance

The Company closed the third quarter 2014 with a gross debt of \$3.500 billion pesos vs. \$5.841 billion pesos of last year's third quarter, representing 40% reduction.

### Change of Corporate Image

As part of the transformation process being implemented by the Company based on Customer Focus, the Organization Corporate Image and its main store formats are undergoing a corporate image renovation. The new corporate image is represented by the heart symbol and an "S" shape evoking the name of our Company. It is the reflection of the Company strategy to invest in positioning in consumers' mind as a store featured by kindness and warmth of its collaborators, focus on providing the greatest quality in our products and services as well as the guaranty for the best price, which has historically featured Soriana.

It is important to point out that this change of corporate image has been planned, for it to be implemented smoothly and with the least possible affectation to the investment program of the Company, therefore as of the third quarter all new store openings already include this new image. This will continue in the future together with the yearly growth plan. Likewise, current stores will undergo an image update process together with the yearly regular remodeling plan.

## Operating Information

A comparative table appears below in regard to the number of operation units per store format.

| Store Format    | 3Q14       | 3Q13       | Sales Floor Area as of 3Q14 | Sales Floor Growth |
|-----------------|------------|------------|-----------------------------|--------------------|
| Soriana Híper   | 263        | 260        | 1,948,633                   | 0.2%               |
| Soriana Súper   | 125        | 110        | 259,838                     | 10.4%              |
| Mercado Soriana | 139        | 137        | 609,797                     | 0.9%               |
| Soriana Express | 104        | 98         | 147,334                     | 6.3%               |
| City Club       | 33         | 33         | 265,839                     | 0.0%               |
| <b>Total</b>    | <b>664</b> | <b>638</b> | <b>3,231,441</b>            | <b>1.3%</b>        |

Note: The store sales floor area was adjusted with the purpose of reflecting changes derived of remodeling, format changes and layout readjustments.

## Social Responsibility Activities

Community Projects:

Within community support programs, this year we developed 4 projects with great social impact that were selected through a call. With this new strategy we were able to involve main people from society, community, Soriana employees and associations, who enabled us to achieve large synergies:

- **“Build my Floor”** was executed together with the Fundación del Empresariado Yucateco (Yucatán Entrepreneurial Foundation) and 771 firm floors were set in rural communities of Valladolid, Yucatán, benefiting more than 3,600 people. This effort helps prevent gastrointestinal and respiratory illnesses by getting rid of dirt floors.
- **“My Community Center”** built together with Fundación Comunitaria del Bajío (Bajío Community Foundation): A Community Center in the town called Las Trancas of the municipality of Dolores Hidalgo, Guanajuato, so that the 120 families, who live there, can hold participation planning meetings, as well as training to develop skills and education for youth.
- **“My Shelter against Addictions”** coordinated with Fundación del Empresario Sonorense (Sonora Entrepreneur Foundation): A clinic with high ethical, professional and human standards to prevent addictions was built to support more than 5,500 people per year in actions for prevention, orientation and continuous care located at Nogales, Sonora.

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- **“My Center for Solidary Self-care and Social Alternatives”**: It was built in a rural community in Matamoros, Tamaulipas to offer a safe and permanent place for integrated growth among members of the population. It provides assistance, promotes family and community healthy relations and empowers women to reduce the economic lag by means of community cooperation.

### **Victims of Odile hurricane**

As an immediate response to the situation that affected the population of Los Cabos during the month of September right at the emergency stage, 26.4 tonnes of products were distributed helping 2,300 families. This support program will continue providing support in the following months in the stages for providing basic equipment for homes and home rebuilding.

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**Organización Soriana, S.A.B. de C.V. and Subsidiaries**  
**Consolidated Statements of Income**

Millions of nominal pesos

|   | Third Quarter |              |              |              |               |
|---|---------------|--------------|--------------|--------------|---------------|
|   | 3Q2014        | %            | 3Q2013       | %            | Var. %        |
| Net Sales   | 24,381        | 100          | 25,404       | 100          | (4.0)         |
| Cost of Sales   | 18,951        | 77.7         | 20,028       | 78.8         | (5.4)         |
| <b>Gross Income</b>                                   | <b>5,430</b>  | <b>22.3</b>  | <b>5,376</b> | <b>21.2</b>  | <b>1.0</b>    |
| Operating Expenses                                    | 3,946         | 16.2         | 3,697        | 14.6         | 6.7           |
| <b>Income before other expenses, net</b>              | <b>1,484</b>  | <b>6.1</b>   | <b>1,679</b> | <b>6.6</b>   | <b>(11.6)</b> |
| Other Income and (Expenses), Net                      | (18)          | (0.1)        | (10)         | (0.0)        | 72.6          |
| <b>EBITDA</b>   | <b>1,467</b>  | <b>6.0</b>   | <b>1,669</b> | <b>6.6</b>   | <b>(12.1)</b> |
| Depreciation and Amortization                         | 518           | 2.1          | 425          | 1.7          | 22.1          |
| <b>Operating Income</b>                               | <b>948</b>    | <b>3.9</b>   | <b>1,244</b> | <b>4.9</b>   | <b>(23.8)</b> |
| Interest Income and (Expenses), Net                   | (41)          | (0.2)        | (78)         | (0.3)        | (47.1)        |
| Foreign Exchange Gain (Losses)                        | (45)          | (0.2)        | (10)         | (0.0)        | 340.3         |
| <b>Comprehensive Financing Income</b>                 | <b>(86)</b>   | <b>(0.4)</b> | <b>(88)</b>  | <b>(0.3)</b> | <b>(2.2)</b>  |
| Minority Interest                                     | 18            | 0.1          | 16           | 0.1          | 14.7          |
| <b>Earnings Before Income Tax &amp; Profit Sharin</b> | <b>881</b>    | <b>3.6</b>   | <b>1,172</b> | <b>4.6</b>   | <b>(24.9)</b> |
| Tax Provision   | 63            | 0.3          | 373          | 1.5          | (83.2)        |
| <b>Net Earnings</b>                                   | <b>818</b>    | <b>3.4</b>   | <b>799</b>   | <b>3.1</b>   | <b>2.3</b>    |
| <b>Cash Net Profit</b>                                | <b>1,232</b>  | <b>5.1</b>   | <b>1,428</b> | <b>5.6</b>   | <b>(13.7)</b> |

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**Consolidated Statements of Income**

Millions of nominal pesos

|   | Accumulated - Third Quarter |              |               |              |               |
|---|-----------------------------|--------------|---------------|--------------|---------------|
|   | 2014                        | %            | 2013          | %            | Var. %        |
| Net Sales   | 73,098                      | 100          | 76,326        | 100          | (4.2)         |
| Cost of Sales   | 56,928                      | 77.9         | 60,133        | 78.8         | (5.3)         |
| <b>Gross Income</b>                                   | <b>16,170</b>               | <b>22.1</b>  | <b>16,193</b> | <b>21.2</b>  | <b>(0.1)</b>  |
| Operating Expenses                                    | 11,270                      | 15.4         | 10,822        | 14.2         | 4.1           |
| <b>Income before other expenses, net</b>              | <b>4,901</b>                | <b>6.7</b>   | <b>5,371</b>  | <b>7.0</b>   | <b>(8.8)</b>  |
| Other Income and (Expenses), Net                      | 15                          | 0.0          | (14)          | (0.0)        | (205.4)       |
| <b>EBITDA</b>   | <b>4,916</b>                | <b>6.7</b>   | <b>5,356</b>  | <b>7.0</b>   | <b>(8.2)</b>  |
| Depreciation and Amortization                         | 1,559                       | 2.1          | 1,477         | 1.9          | 5.5           |
| <b>Operating Income</b>                               | <b>3,357</b>                | <b>4.6</b>   | <b>3,879</b>  | <b>5.1</b>   | <b>(13.4)</b> |
| Interest Income and (Expenses), Net                   | (134)                       | (0.2)        | (216)         | (0.3)        | (37.9)        |
| Foreign Exchange Gain (Losses)                        | (38)                        | (0.1)        | (17)          | (0.0)        | 122.7         |
| <b>Comprehensive Financing Income</b>                 | <b>(172)</b>                | <b>(0.2)</b> | <b>(233)</b>  | <b>(0.3)</b> | <b>(26.2)</b> |
| Minority Interest                                     | 41                          | 0.1          | 27            | 0.0          | 51.3          |
| <b>Earnings Before Income Tax &amp; Profit Sharin</b> | <b>3,226</b>                | <b>4.4</b>   | <b>3,673</b>  | <b>4.8</b>   | <b>(12.2)</b> |
| Tax Provision   | 819                         | 1.1          | 1,121         | 1.5          | (26.9)        |
| <b>Net Earnings</b>                                   | <b>2,407</b>                | <b>3.3</b>   | <b>2,552</b>  | <b>3.3</b>   | <b>(5.7)</b>  |
| <b>Cash Net Profit</b>                                | <b>4,129</b>                | <b>5.6</b>   | <b>4,526</b>  | <b>5.9</b>   | <b>(8.8)</b>  |

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**Organización Soriana, S.A.B. de C.V. and Subsidiaries**
**Consolidated Balance Sheets**

Millions of nominal pesos

|   | 2014          | %           | 2013          | %           | Var. %       |
|---|---------------|-------------|---------------|-------------|--------------|
| <b>ASSETS</b>                                     |               |             |               |             |              |
| <b>Current Assets</b>                             |               |             |               |             |              |
| Cash and Cash Equivalents                         | 1,179         | 1.5         | 752           | 1.0         | 56.9         |
| Trade   | 3,355         | 4.3         | 3,743         | 4.9         | (10.4)       |
| Other Accounts Receivable                         | 2,959         | 3.8         | 2,893         | 3.8         | 2.3          |
| Inventories                                       | 15,732        | 20.0        | 15,302        | 19.8        | 2.8          |
| Other Current Assets                              | 169           | 0.2         | 135           | 0.2         | 25.3         |
| <b>Total Current Asset</b>                        | <b>23,394</b> | <b>29.7</b> | <b>22,825</b> | <b>29.6</b> | <b>2.5</b>   |
| <b>Property and Equipment, Net</b>                | <b>43,349</b> | <b>55.1</b> | <b>42,447</b> | <b>55.0</b> | <b>2.1</b>   |
| <b>Intangible Assets</b>                          | <b>11,015</b> | <b>14.0</b> | <b>10,959</b> | <b>14.2</b> | <b>0.5</b>   |
| <b>Other Assets</b>                               | <b>893</b>    | <b>1.1</b>  | <b>901</b>    | <b>1.2</b>  | <b>(0.9)</b> |
| <b>Total Assets</b>                               | <b>78,651</b> | <b>100</b>  | <b>77,133</b> | <b>100</b>  | <b>2.0</b>   |
| <b>LIABILITIES</b>                                |               |             |               |             |              |
| <b>Current Liabilities</b>                        |               |             |               |             |              |
| Suppliers   | 15,709        | 20.0        | 14,885        | 19.3        | 5.5          |
| Debt Certificates                                 | 3,500         | 4.4         | 5,841         | 7.6         | (40.1)       |
| Other Accounts Payable                            | 798           | 1.0         | 906           | 1.2         | (11.9)       |
| Other Liabilities without cost                    | 1,294         | 1.6         | 1,329         | 1.7         | (2.7)        |
| <b>Total Current Liabilities</b>                  | <b>21,301</b> | <b>27.1</b> | <b>22,962</b> | <b>29.8</b> | <b>(7.2)</b> |
| Deferred Taxes                                    | 8,815         | 11.2        | 7,946         | 10.3        | 10.9         |
| Other Liabilities                                 | 3,429         | 4.4         | 3,403         | 4.4         | 0.7          |
| <b>Total Long Term Liabilities</b>                | <b>12,244</b> | <b>15.6</b> | <b>11,349</b> | <b>14.7</b> | <b>7.9</b>   |
| <b>Total Liabilities</b>                          | <b>33,544</b> | <b>42.6</b> | <b>34,310</b> | <b>44.5</b> | <b>(2.2)</b> |
| <b>Stockholders' Equity</b>                       |               |             |               |             |              |
| Paid-In Capital Stock                             | 83            | 0.1         | 83            | 0.1         | 0.0          |
| Restatement of Paid-In Capital Stock              | 1,171         | 1.5         | 1,171         | 1.5         | 0.0          |
| Premium on Sales of Shares                        | 977           | 1.2         | 976           | 1.3         | 0.0          |
| Repurchase Fund of Shares                         | 550           | 0.7         | 551           | 0.7         | (0.1)        |
| Accumulated Earnings                              | 42,327        | 53.8        | 40,042        | 51.9        | 5.7          |
| <b>Total Stockholders' Equity</b>                 | <b>45,107</b> | <b>57.4</b> | <b>42,822</b> | <b>55.5</b> | <b>5.3</b>   |
| <b>Total Liabilities and Stockholders' Equity</b> | <b>78,651</b> | <b>100</b>  | <b>77,133</b> | <b>100</b>  | <b>2.0</b>   |

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**Organización Soriana, S.A.B. de C.V. and Subsidiaries**  
**Consolidated Cash Flow Statements**  
Millions of nominal pesos

|   | <b>2014</b>    | <b>2013</b>    | <b>Var. %</b>  |
|---|----------------|----------------|----------------|
| <b><u>OPERATING ACTIVITIES</u></b>                      |                |                |                |
| <b>Income before Income Tax</b>                         | <b>3,226</b>   | <b>3,673</b>   | <b>(12.2)</b>  |
| <b><u>Items related to investment activities:</u></b>   |                |                |                |
| Depreciation & Amortization                             | 1,559          | 1,477          | 5.5            |
| Participation in Subsidiaries                           | (44)           | (27)           | 59.7           |
| Foreign Exchange  | 55             | 19             | 195.5          |
| <b><u>Items related to financing activities</u></b>     |                |                |                |
| Interest Expense  | 239            | 356            | (32.9)         |
| <b>Total</b>  | <b>5,035</b>   | <b>5,498</b>   | <b>(8.4)</b>   |
| Clients   | 683            | (507)          | (234.7)        |
| Inventories   | (729)          | (1,787)        | (59.2)         |
| Suppliers   | (3,221)        | (2,955)        | 9.0            |
| Payable and receivable accounts                         | (228)          | (569)          | (59.9)         |
| Income Tax Paid   | (1,102)        | (820)          | 34.3           |
| <b>Net cash flow from operating activities</b>          | <b>438</b>     | <b>(1,141)</b> | <b>(138.4)</b> |
| <b><u>INVESTING ACTIVITIES</u></b>                      |                |                |                |
| Acquisitions of property and equipment                  | (1,623)        | (2,189)        | (25.9)         |
| Investment in shares                                    | 54             | (23)           | (331.7)        |
| Sale of property  | 37             | 36             | 5.0            |
| <b>Net Cash flow from investing activities</b>          | <b>(1,532)</b> | <b>(2,177)</b> | <b>(29.6)</b>  |
| <b>Cash receivable from financing activities</b>        | <b>(1,093)</b> | <b>(3,317)</b> | <b>(67.1)</b>  |
| <b><u>FINANCING ACTIVITIES</u></b>                      |                |                |                |
| Financing Obtained                                      | 28,830         | 52,690         | (45.3)         |
| Financing Repaid  | (27,280)       | (49,599)       | (45.0)         |
| Dividend Paid   | (700)          | 0              | *              |
| Other financing activities                              | (3)            | (2)            | 53             |
| Interest Paid   | (241)          | (355)          | (32.3)         |
| <b>Net cash flow from financing activities</b>          | <b>606</b>     | <b>2,734</b>   | <b>(77.8)</b>  |
| <b>Net decrease in cash and cash equivalents</b>        | <b>(487)</b>   | <b>(583)</b>   | <b>(16.5)</b>  |
| <b>Cash and cash equivalents at beginning of period</b> | <b>1,666</b>   | <b>1,335</b>   | <b>24.8</b>    |
| <b>Cash and cash equivalents at end period</b>          | <b>1,179</b>   | <b>752</b>     | <b>56.9</b>    |

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