

SORIANA ANNOUNCES 2014 SECOND QUARTER RESULTS

- Quarterly total revenues of MX\$24.895 billion pesos.
- 80 basis point growth in gross margin.
- 20 basis point growth in operating margin.
- 30 basis point growth in quarterly net profit.
- 9.4% growth in cash net profit.
- Gross debt reduction of 51% compared to the same quarter of last year.

Monterrey, Nuevo León, July 25, 2014. Organización Soriana, S.A.B. de C.V. (Soriana) announces the 2014 second quarter financial results. Figures in this report are shown in nominal terms and following International Financial Reporting Standards (IFRS).

2014 2Q Operating Performance

According to the expected trend, the second quarter of the year showed improvement in the different line items of the Company Consolidated Profit and Loss Statement. Total income reached \$24.895 billion pesos, which imply a same store sales result of (4.5%). Although this is still very far from the growth potential of the Company, it does show a recovery trend that will hopefully continue in the next two quarters of this year.

On the other hand, the result at gross margin and profit level continues showing a good performance, reaching a Gross Income of \$5.453 billion pesos, which implies a 1.1% growth in regard to the 2013 second quarter and an 80 basis point gross margin growth. As aforementioned, this strength at gross margin level is mainly supported by the combination of a better promotional strategy management per format and by efficiencies derived from commercial negotiation management.

As a complement of the improvements shown at gross profit level, the strict expenditure control level shown from the beginning of the year was maintained throughout the quarter. This allowed us to reduce the quarterly increase in consolidated operating expenses to only 1.7%. Thus, we reduced the negative impact produced by the lack of same store growth on expenses as a percentage of income.

Derived from what has been said before, the Company quarterly EBITDA⁽¹⁾ reached \$1.717 billion pesos, equivalent to 6.9% over sales.

Among the line items that make up the net financial cost, we can mention the positive variation of financial expense which decreased in a 41.7% derived from the combination of a smaller average debt and a smaller interest rate. Likewise, the exchange rate result showed a gain of \$13 million pesos from the peso-dollar exchange rate transactions, compared to a \$77 million peso loss recorded in the same quarter of the previous year.

Thus, the net earnings of the year, reached \$794 million pesos, at 3.2% on total Company income, which means a 7.8% growth in regard to 2013 second quarter and a 30 basis point growth over sales. Likewise, the net cash net profit showed a solid increase of 9.4% and a 70 basis point growth as percentage over sales.

Debt Behavior

As of the month-end closing of the 2014 second quarter, the Company has a gross debt of \$2.650 billion pesos, compared to \$5.392 billion pesos as of the closing of the previous year, which represents a 51% reduction.

Operations Data

Below is a comparative table of the number of units in operation per store format.

Store Format	2Q14	2Q13	Sales Floor Area as of 2Q14	Sales Floor Growth
Soriana Híper	262	250	1,944,209 m ²	2.6%
Soriana Súper	122	108	255,251 m ²	9.1%
Mercado Soriana	139	141	609,796 m ²	(3.3%)
Soriana Express	103	92	146,006 m ²	6.6%
City Club	33	33	265,839 m ²	0%
Total	659	624	3,221,101 m²	1.8%

Note: The store sales floor area was adjusted with the purpose of reflecting changes derived of remodeling, format changes and lay out implemented during last year.

Social Responsibility Activities

In order to promote the practice of physical activities among children to stay active and promote family participation, Soriana career %CorreKminis+2014 brought together more than 4,000 children and their families who enjoyed a morning in outdoor activities. This race had a special participation of kids with special needs that motivated the audience with their enthusiasm and interest in participating in the event.

Thanks to the participation of volunteers from the company in the 10th annual campaign %Planta un Árbol 2014+ (Planting a Tree), there were planted 22,951 supporting the conservation and the improvement in the environment. The trees were planted in 210 cities around the country where the company has presence and the participation of local authorities and organizations oriented to the environment care. An important part of this activity took place in the program of improving the quality of life of the population of La Perla, Veracruz, in which the community planted a total of 11,700 trees.

The Re Si Cla program (recycling program) operated in association with PASA, Multimedios and Vitro, has the main objective to spread the culture of recycling materials among the population. This year there were recycled 122.7 tons of products coming from the homes of our customers, the profit generated was donated to charity institutions.

The social investment made during the first semester of the year helped to improve quality of life to 94,600 individuals in vulnerable situation, which were attended by 154 charity institutions who received resources from our support programs.

(1) EBITDA is defined as profit in operations before depreciation and amortization.

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

Millions of nominal pesos

	Second Quarter				
	<u>2Q2014</u>	<u>%</u>	<u>2Q2013</u>	<u>%</u>	<u>Var. %</u>
Net Sales	24,895	100	25,577	100	(2.7)
Cost of Sales	19,442	78.1	20,185	78.9	(3.7)
Gross Income	5,453	21.9	5,392	21.1	1.1
Operating Expenses	3,749	15.1	3,688	14.4	1.7
Income before other expenses, net	1,704	6.8	1,704	6.7	(0.0)
Other Income and (Expenses), Net	14	0.1	5	0.0	197.2
EBITDA	1,717	6.9	1,708	6.7	0.5
Depreciation and Amortization	523	2.1	525	2.1	(0.5)
Operating Income	1,195	4.8	1,183	4.6	1.0
Interest Income and (Expenses), Net	(48)	(0.2)	(82)	(0.3)	(41.7)
Foreign Exchange Gain (Losses)	13	0.1	(77)	(0.3)	(116.4)
Comprehensive Financing Income	(35)	(0.1)	(159)	(0.6)	(77.9)
Minority Interest	16	0.1	8	0.0	99.8
Earnings Before Income Tax & Profit Sharing	1,176	4.7	1,032	4.0	13.9
Tax Provision	382	1.5	295	1.2	29.2
Net Earnings	794	3.2	736	2.9	7.8
Cash Net Profit	1,589	6.4	1,453	5.7	9.4

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

Millions of nominal pesos

	Accumulated - Second Quarter				
	<u>2013</u>	<u>%</u>	<u>2012</u>	<u>%</u>	<u>Var. %</u>
Net Sales	48,717	100	50,922	100	(4.3)
Cost of Sales	37,977	78.0	40,105	78.8	(5.3)
Gross Income	10,740	22.0	10,817	21.2	(0.7)
Operating Expenses	7,324	15.0	7,125	14.0	2.8
Income before other expenses, net	3,416	7.0	3,692	7.3	(7.5)
Other Income and (Expenses), Net	33	0.1	(4)	(0.0)	(910.3)
EBITDA	3,449	7.1	3,688	7.2	(6.5)
Depreciation and Amortization	1,040	2.1	1,053	2.1	(1.2)
Operating Income	2,409	4.9	2,635	5.2	(8.6)
Interest Income and (Expenses), Net	(93)	(0.2)	(138)	(0.3)	(32.7)
Foreign Exchange Gain (Losses)	7	0.0	(7)	(0.0)	(200.5)
Comprehensive Financing Income	(86)	(0.2)	(145)	(0.3)	(40.7)
Minority Interest	23	0.0	11	0.0	103.5
Earnings Before Income Tax & Profit Sharing	2,346	4.8	2,501	4.9	(6.2)
Tax Provision	757	1.6	748	1.5	1.1
Net Earnings	1,589	3.3	1,752	3.4	(9.3)
Cash Net Profit	2,897	5.9	3,105	6.1	(6.7)

Organización Soriana, S.A.B. de C.V. and Subsidiaries
Consolidated Balance Sheets
Millions of nominal pesos

	<u>2014</u>	<u>%</u>	<u>2013</u>	<u>%</u>	<u>Var. %</u>
ASSETS					
Current Assets					
Cash and Cash Equivalents	958	1.3	2,565	3.3	(62.7)
Trade	3,230	4.2	3,202	4.1	0.9
Other Accounts Receivable	2,372	3.1	2,262	2.9	4.8
Inventories	14,751	19.3	14,994	19.4	(1.6)
Other Current Assets	224	0.3	137	0.2	63.1
Total Current Asset	21,534	28.2	23,160	30.0	(7.0)
Property and Equipment, Net	42,954	56.2	42,068	54.5	2.1
Intangible Assets	11,037	14.4	11,071	14.3	(0.3)
Other Assets	877	1.1	856	1.1	2.4
Total Assets	76,401	100	77,155	100	(1.0)
LIABILITIES					
Current Liabilities					
Suppliers	14,487	19.0	16,588	21.5	(12.7)
Debt Certificates	2,650	3.5	5,392	7.0	(50.9)
Other Accounts Payable	801	1.0	808	1.0	(0.8)
Other Liabilities without cost	1,163	1.5	1,184	1.5	(1.8)
Total Current Liabilities	19,100	25.0	23,972	31.1	(20.3)
Deferred Taxes	8,957	11.7	7,749	10.0	15.6
Other Liabilities	3,355	4.4	3,411	4.4	(1.6)
Total Long Term Liabilities	12,312	16.1	11,161	14.5	10.3
Total Liabilities	31,412	41.1	35,132	45.5	(10.6)
Stockholders' Equity					
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	1.3	976	1.3	0.0
Repurchase Fund of Shares	550	0.7	551	0.7	(0.1)
Accumulated Earnings	42,209	55.2	39,243	50.9	7.6
Total Stockholders' Equity	44,989	58.9	42,023	54.5	7.1
Total Liabilities and Stockholders' Equity	76,401	100	77,155	100	(1.0)

Organización Soriana, S.A.B. de C.V. and Subsidiaries
Consolidated Cash Flow Statements

Millions of nominal pesos

	<u>2014</u>	<u>2013</u>	<u>Var. %</u>
<u>OPERATING ACTIVITIES</u>			
Income before Income Tax	2,346	2,501	(6.2)
<u>Items related to investment activities:</u>			
Depreciation & Amortization	1,040	1,053	(1.2)
Participation in Subsidiaries	(23)	(11)	103.5
Foreign Exchange	(8)	16	(150.1)
<u>Items related to financing activities</u>			
Interest Expense	165	237	(30.1)
Total	<u>3,521</u>	<u>3,796</u>	<u>(7.2)</u>
Clients	808	(32)	(2,661.1)
Inventories	253	(1,479)	(117.1)
Suppliers	(4,418)	(1,259)	250.8
Payable and receivable accounts	(1,655)	(51)	3,157.9
Income Tax Paid	896	(684)	(231.0)
Net cash flow from operating activities	<u>(596)</u>	<u>291</u>	<u>(304.6)</u>
<u>INVESTING ACTIVITIES</u>			
Acquisitions of property and equipment	(730)	(1,497)	(51.2)
Investment in shares	50	(4)	(1,441.5)
Sale of property	36	36	1.5
Net Cash flow from investing activities	<u>(644)</u>	<u>(1,465)</u>	<u>(56.0)</u>
Cash receivable from financing activities	<u>(1,240)</u>	<u>(1,173)</u>	<u>5.7</u>
<u>FINANCING ACTIVITIES</u>			
Financing Obtained	18,280	33,750	(45.8)
Financing Repaid	(17,580)	(31,108)	(43.5)
Other financing activities	(3)	(2)	53
Interest Paid	(164)	(236)	(30.4)
Net cash flow from financing activities	<u>532</u>	<u>2,403</u>	<u>(77.9)</u>
Net decrease in cash and cash equivalents	(708)	1,230	(157.6)
Cash and cash equivalents at beginning of period	1,666	1,335	24.8
Cash and cash equivalents at end period	<u>958</u>	<u>2,565</u>	<u>(62.7)</u>