

Soriana announces first quarter 2015 financial results

- Quarterly total income for \$24.924 billion pesos.
- 4.6% increase in total income.
- 3.0% increase in Same Store Sales.

Monterrey, N.L., April 24, 2015. Organización Soriana, S.A.B. de C.V. (Soriana) announces the First Quarter 2015 financial results. Figures in this report are shown in nominal terms according to the International Financial Reporting Standards (IFRS).

1Q2015 Operating Performance

Throughout the first quart of the year, we noticed a recovery in the consumption sector of our country, as well as in the consumer trust indicator. This allowed us to have a better performance than the one shown in the same period of the previous year. We achieved a 4.6% growth in total income, mainly because of a better performance in the Same Stores Sales indicator of 3.0% and the expansion of our sales floor platform with the opening of 17 units in the last twelve months.

Likewise, it is worth pointing out that we have seen this recovery in all our store formats and mainly, in our formats focused on a low price strategy such as Soriana Mercado and Soriana Express. We have also noticed recovery in practically all the regions of the country, including the northern area, which represents an important part of our income. We believe it presents favorable conditions to continue showing growth throughout the following months.

Lastly, in regard to income, we must emphasize that the increments in the Same Store show a positive composition, transaction growth and in the average ticket. Thus, we think that this is a clear indicator of the market recovery that we have gradually achieved since last quarter of last year.

The margin and gross income behavior showed a decrease of 100 base points as percentage of sales due to the implementation of a more aggressive pricing and promotion strategy in order to continue strengthening our market recovery. Thus, the gross income for this first quarter reached \$5.284 billion pesos, which accounts for a 21.2% margin.

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On the other hand, the operating expenses (without depreciation and amortization) were very efficiently controlled and show a reduction of 60 base points as percentage over sales. This should be highlighted considering the major investment in personnel that we have made in many of our stores focused on developing a high customer service and quality-based value proposal as a differentiation element. As of the first quarter closing, the operating expense amounted \$3.587 billion pesos, equivalent to 14.4% over sales; it represents an increase of 0.4% compared to amount shown the same period last year.

As a consequence, the aforementioned variations gave a result at EBITDA⁽¹⁾ level of \$1.701 billion pesos, which represents 6.8% over quarterly sales.

In regard to financing income line items, the quarter net financial cost closed in \$102 million pesos, which is compared to a financial cost of \$51 million pesos of the same period in 2014. This variation is mainly due to the largest financial loss recorded during these three months of 2015, mainly caused by the devaluation in the US Dollar to the Mexican Peso exchange rate. However, this variation was partially compensated by a lower financial expense derived from less average debt with cost, as well as from a lower associated interest rate.

Thus, the quarterly consolidated net earnings totaled \$781 million pesos which represent a percentage over sales of 3.1%. On the other hand, the cash net profit reached \$1.331 billion pesos, equivalent to 5.3% over sales and showed growth compared to the 2014 first quarter of 1.7%.

Opening of New Stores

During the first three months of the year, the Company has opened a new Soriana Híper store in the state of San Luis Potosi, as part of our annual growth plan. We also want to inform of the definite closing of a unit in the state of Nuevo Leon under the Hipermercado store format.

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

Operating Information

Below is a comparative table of the number of units in operation per format, as of the first quarter-end closing of 2015.

Store Format	1Q15	1Q14	Sales Floor Area 1Q15	Sales Floor Growth
Soriana Híper	270	261	1,988,401	2.6%
Soriana Súper	126	122	261,928	2.6%
Soriana Mercado	139	140	609,796	-0.9%
Soriana Express	105	103	148,533	2.1%
City Club	34	33	274,115	3.1%
Total	674	659	3,282,773	1.9%

Social Responsibility Activities

As part of the social support strategy that we have in order to improve the quality of life in the communities where we have commercial presence, we are supporting some projects of high impact on the community. This quarter, we began some funding programs to help in the construction of a juvenile community center in Guadalajara, Jalisco and another one to help remodel a new Red Cross branch in the city of Chihuahua, Chihuahua.

Also, thanks to the support achieved and delivered at the end of last year, we celebrated the inauguration of two community centers in Dolores Hidalgo, Guanajuato and in Matamoros, Tamaulipas and a clinic for addiction prevention in Nogales, Sonora.

As part of our support to promote small and medium-size company products, we held a fair of suppliers in Tijuana, Baja California. We also helped in an event organized by the authorities of the state of Sinaloa. We were able to give support to 53 new suppliers of products to be sold in our stores.

Lastly, and as a consequence of the social and sustainability action in 2014, we celebrate that our Company has again been included as part of the index of Sustainable Companies of the Mexican Stock Exchange in this 2015 period.

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

Millions of nominal pesos

	First Quarter				
	1Q2015	%	1Q2014	%	Var. %
Net Sales	24,924	100	23,823	100	4.6
Cost of Sales	19,640	78.8	18,536	77.8	6.0
Gross Income	5,284	21.2	5,287	22.2	(0.1)
Operating Expenses	3,587	14.4	3,574	15.0	0.4
Income before other expenses, net	1,696	6.8	1,713	7.2	(0.9)
Other Income and (Expenses), Net	4	0.0	19	0.1	(78.3)
EBITDA	1,701	6.8	1,732	7.3	(1.8)
Depreciation and Amortization	533	2.1	518	2.2	2.9
Operating Income	1,168	4.7	1,214	5.1	(3.8)
Interest Income and (Expenses), Net	(20)	(0.1)	(45)	(0.2)	(56.6)
Foreign Exchange Gain (Losses)	(82)	(0.3)	(6)	(0.0)	*
Comprehensive Financing Income	(102)	(0.4)	(51)	(0.2)	100.3
Minority Interest	18	0.1	7	0.0	177.4
Earnings Before Income Tax & Profit Shari	1,084	4.4	1,170	4.9	(7.3)
Tax Provision	304	1.2	375	1.6	(19.0)
Net Earnings	781	3.1	795	3.3	(1.8)
Cash Net Profit	1,331	5.3	1,308	5.5	1.7

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

Millions of nominal pesos

	2015	%	2014	%	Var. %
ASSETS					
Current Assets					
Cash and Cash Equivalents	1,139	1.5	1,162	1.5	(2.0)
Trade	2,266	2.9	2,601	3.4	(12.9)
Other Accounts Receivable	2,683	3.4	2,203	2.9	21.8
Inventories	15,806	20.2	14,869	19.6	6.3
Other Current Assets	150	0.2	170	0.2	(11.4)
Total Current Asset	22,045	28.2	21,005	27.7	5.0
Property and Equipment, Net	44,134	56.5	43,030	56.7	2.6
Intangible Assets	11,032	14.1	11,004	14.5	0.3
Other Assets	947	1.2	888	1.2	6.6
Total Assets	78,158	100	75,927	100	2.9
LIABILITIES					
Current Liabilities					
Suppliers	15,284	19.6	14,460	19.0	5.7
Debt Certificates	1,900	2.4	3,529	4.6	(46.2)
Other Accounts Payable	848	1.1	847	1.1	0.2
Other Liabilities without cost	860	1.1	895	1.2	(4.0)
Total Current Liabilities	18,892	24.2	19,731	26.0	(4.3)
Deferred Taxes	8,585	11.0	8,678	11.4	(1.1)
Other Liabilities	3,501	4.5	3,323	4.4	5.3
Total Long Term Liabilities	12,085	15.5	12,001	15.8	0.7
Total Liabilities	30,977	39.6	31,732	41.8	(2.4)
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	1.2	977	1.3	0.0
Repurchase Fund of Shares	550	0.7	550	0.7	0.0
Accumulated Earnings	44,401	56.8	41,415	54.5	7.2
Total Stockholders' Equity	47,181	60.4	44,195	58.2	6.8
Total Liabilities and Stockholders' Equity	78,158	100	75,927	100	2.9

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

Millions of nominal pesos

	<u>2015</u>	<u>2014</u>	<u>Var. %</u>
<u>OPERATING ACTIVITIES</u>			
Income before Income Tax	1,084	1,170	(7.3)
<u>Items related to investment activities:</u>			
Depreciation & Amortization	533	518	2.9
Participation in Subsidiaries	(18)	(6)	226.9
Foreign Exchange	(67)	(7)	867.0
<u>Items related to financing activities</u>			
Interest Expense	61	84	(28.2)
Total	<u>1,593</u>	<u>1,760</u>	<u>(9.5)</u>
Clients	577	1,458	(60.4)
Inventories	338	113	198.7
Suppliers	(4,418)	(4,439)	(0.5)
Payable and receivable accounts	(416)	(54)	664.4
Income Tax Paid	(556)	(641)	(13.2)
Net cash flow from operating activities	<u>(2,882)</u>	<u>(1,804)</u>	<u>59.8</u>
<u>INVESTING ACTIVITIES</u>			
Acquisitions of property and equipment	(562)	(251)	124.1
Investment in shares	18	20	(11.7)
Sale of property	55	36	53.5
Net Cash flow from investing activities	<u>(489)</u>	<u>(195)</u>	<u>151.2</u>
Cash receivable from financing activities	<u>(3,371)</u>	<u>(1,999)</u>	<u>68.7</u>
<u>FINANCING ACTIVITIES</u>			
Financing Obtained	6,450	9,880	(34.7)
Financing Repaid	(4,550)	(8,301)	(45.2)
Other financing activities	(2)	0	*
Interest Paid	(61)	(84)	(27.1)
Net cash flow from financing activities	<u>1,837</u>	<u>1,495</u>	<u>22.9</u>
Net decrease in cash and cash equivalents	(1,534)	(504)	204.5
Cash and cash equivalents at beginning of period	2,673	1,666	60.4
Cash and cash equivalents at end period	<u>1,139</u>	<u>1,162</u>	<u>(2.0)</u>

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