



**GIGANTE**

**Bodega GIGANTE**

**Super GIGANTE**

**GIGANTE USA**

**Super Precio**  
su siempre más barato

**RadioShack**

**toKs**

**Office DEPOT**

October 24, 2007

### 3Q07 EARNINGS RELEASE

*Figures presented in this document are expressed in millions of pesos with purchasing power as of September 30, 2007, unless otherwise noted. Figures may vary due to rounding. "b.p." stands for basis points and "mxp" for million of Mexican pesos.*

The results recorded at the end of 3Q07 reflect, as in previous quarters, the progress of the strategic plan in the different businesses of the company. Total sales and same store sales during the July-September period increased in real terms 4.8% and 3.7%, respectively, when compared to the same year ago quarter.

Gross margin in 2007's third quarter reached 24.5%, showing the substantial improvement that each of the businesses has done over the past quarters in terms of commercial, operations and logistics execution.

Operating expenses in the quarter rose by 4.9% from 3Q06 to \$1,826 mxp, representing 20.8% of total sales. The main driver for the increase was related to new points of sales for all our business units.

However, the expense increase was below the 10.8% increase in the quarterly gross income, which contributed to an improvement of cash flow generation. Cash flow at the end of the 2007's third quarter was \$534 mxp, representing a 30.8% increase from the cash flow generated in 3Q06.

#### GRUPO GIGANTE, S.A.B. DE C.V. Y SUBSIDIARIES THIRD QUARTER 2007 RESULTS

	3Q07	3Q06	Chg %
Net Sales	8,776	8,376	4.8
<b>Gross Profit</b>	<b>2,152</b>	<b>1,942</b>	<b>10.8</b>
Operating Income	326	201	62.3
<b>EBITDA</b>	<b>534</b>	<b>408</b>	<b>30.8</b>
<b>Net Comprehensive Financing Cost</b>	<b>-36</b>	<b>180</b>	<b>-1.2 v</b>
Income Tax Provision	134	48	179.2
<b>Net Income</b>	<b>358</b>	<b>319</b>	<b>11.6</b>





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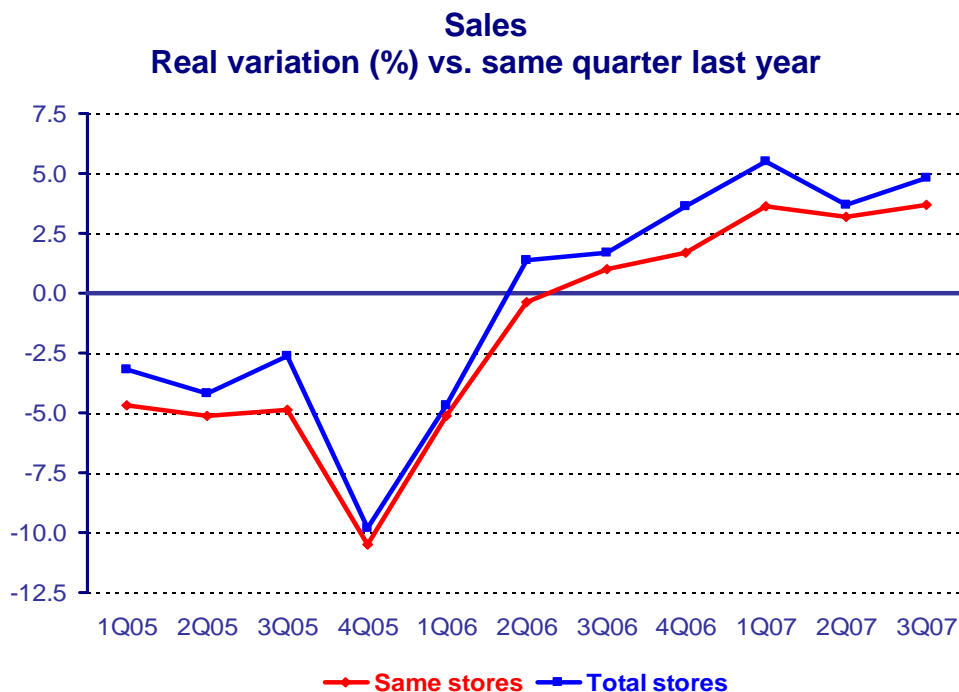
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**Sales** .- Total sales in the July-September period amounted to \$8,776 mxp, 4.8% above the same 2006 period. In terms of same store sales, the increase was 3.7% compared to 3Q06. Accumulated total sales and same store sales rose 4.6 % and 3.5%, respectively.

These increases are explained by the strong performance of our restaurants, office supplies and electronics businesses, coupled with the remodeling of some stores during the second quarter of the year and a better acceptance of our promotional campaigns.

During the quarter we saw a slight decline in consumption, mainly of long-term goods, but our costumers have responded positively to our campaigns and promotions like “Mes Gigante” and “Regreso a clases”. As a result, we saw costumer traffic increase but not in terms per ticket sales, which is partially explained by a decline of electronic supplies sales. In addition, it is worth mentioning that the strong performance of our “**Programa Gana**”, implemented in stores in the west region of the country, contributed with higher client traffic and stronger per ticket sales in that region.



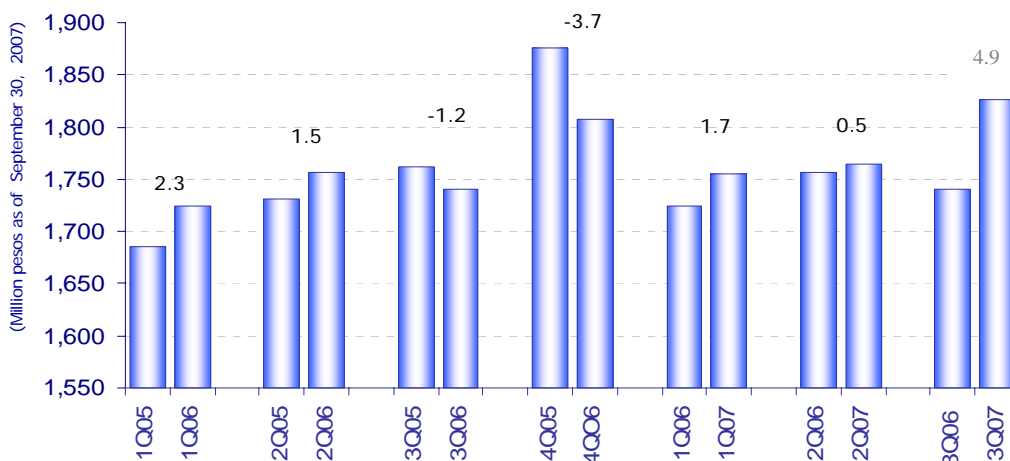


**Gross profit** - In the period from July-September, gross profit rose 10.8% from the same quarter last year to \$2,152 mpx, or 24.5% of total sales. In cumulative terms, the gross profit for the year increased 9.8% to \$6,184 mpx from the same 2006 period.

Gross margin was supported by higher sales of private label products, which increased 27.2% from 3Q06, coupled with higher sales at Toks, Office Depot and Radio Shack, all which have higher margins.

**Operating Expenses** - During the third quarter of the year operating expenses totaled \$1,826 mpx, representing 20.8% of total sales, an increase of 4.9% when compared to 3Q06. In cumulative terms, operating expenses of \$5,346 mpx represent 21.1% of total sales. Expenses rose as 92 new stores were opened within the last 12 months. However, we continued with our expense control policy and focusing on a better use of our distribution centers to lower operating expenses and reduce delivery time to half of the time recorded in 2006. In addition, we are optimizing the use of human resources reducing the number of employees in central offices and improving our information technology and systems.

**Total Expenses**  
Real Variation (%) vs. same quarter last year

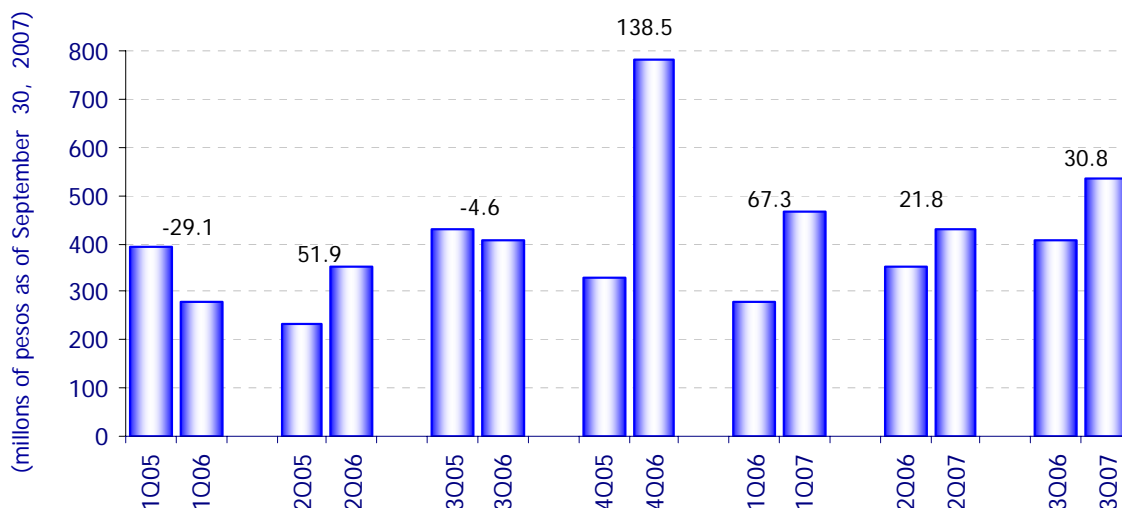




**Operating Income** - During the quarter July-September the operating income totaled \$326 mxp, 62.3% above that recorded in the same year-ago quarter. In cumulative terms, operating income totaled \$838 mxp increasing 104.6% from the first nine months of 2006. These results reflect stronger sales in all of our businesses, along with our processes improvements and stricter control over expenses without compromising our commitment to better serve our clients.

**Operating Cash Flow** - At the close of 2007's quarter, the operating cash flow amounted to \$534 mxp, 30.8% above the cash flow generated in 3Q06. In cumulative terms, operating cash flow reached \$1,429 mxp, which compares favorably to the \$1,039 mxp recorded in the first nine months of 2006.

**Operating Cash Flow (EBITDA)**  
Real variation (%) vs. same quarter last year



**Comprehensive Financing Cost (CFC).** During the third quarter of 2007 the comprehensive financing cost was of \$36 million pesos, 1.2 times below that of the same year-ago quarter. The decline in the comprehensive financing costs is explained by our net debt amounting to US\$260 million, which generated a foreign exchange gain in the period of June-September 2006 compared to a foreign exchange loss in the same 2007 period. In addition, in 2006 the *mark to market* of the financial derivate contracted to avoid the foreign exchange risk for the payment of debt coupons was negative and affected our results. In 2007, the said instrument was reported in Stockholders Equity.





It is worth noting that both the foreign exchange volatility *and mark to market* have no monetary effects and do not affect our cash flow.

**Net Income.-** At the end of 3Q07 the Company recorded a net income of \$358 mxp, equivalent to 4.1% of sales and 11.6% above the income registered in 3Q06. During the first nine-months of 2007 net income amounted to \$483 mxp representing 1.9% of sales. Net income for the period is 10.6 times above that of the first nine months in 2006.

**Relevant Facts.-** On August 28, 2007, the Third Civil Chamber of the Higher Court of Justice of the Federal District, in compliance with the writ issued on August 8th by the Sixth Civil Court, published the verdict in which Gigante, S.A. de C.V. had to pay \$27.5 mxp, amount covered since February 20, 1996, when the consent was approved. The decision is final and irrevocable as dictated by the federal authority. The Tribunal established the terms and schedule in which the non-capitalized past due interests that GIGANTE, S.A. DE C.V. owes to BLANCO regarding the 11-day period under review.

**Installed Capacity -** As part of Grupo Gigante's expansion strategy, during the quarter 24 new stores were inaugurated: one Gigante; six SupePrecio stores, four Toks restaurants, seven Office Depots and six Radio Shack stores. In addition to our expansion program, the company continued working to improve efficiencies and closed a Gigante store in Mexico and two in the USA, four SuperPrecio stores and one Office Depot.

### Stores Openings

Branch	State	Gigante	Office Depot	SuperPrecio	Toks	Radio Shack	Total
Tuxtla Sol	Chiapas	1					1
Tekal	Área Metropolitana			1			1
Agustín Lara	Área Metropolitana			1			1
Tulyehualco	Área Metropolitana			1			1
Las Huartas	Área Metropolitana			1			1
Bosques	Área Metropolitana			1			1
Panamericana	Área Metropolitana			1			1
León Centro	Guanajuato					1	1
Plaza del Parque C	Querétaro					1	1
Xola	Área Metropolitana					1	1
Torres Lindavista	Área Metropolitana					1	1
Plaza La Rosa	Área Metropolitana					1	1
Mitras	Nuevo León					1	1
Dorada	Puebla				1		1
Texcoco	Área Metropolitana				1		1
Mitras	Nuevo León				1		1
La Pastora	Nuevo León				1		1
Tehuacán	Puebla		1				1
Texcoco	Área Metropolitana		1				1
Alameda Express	Distrito Federal		1				1
Uruapan	Michoacán		1				1
Minatitlán	Veracruz		1				1
Playas de Tijuana	Baja California		1				1
Vallejo	Distrito Federal						0
		1	7	6	4	6	24





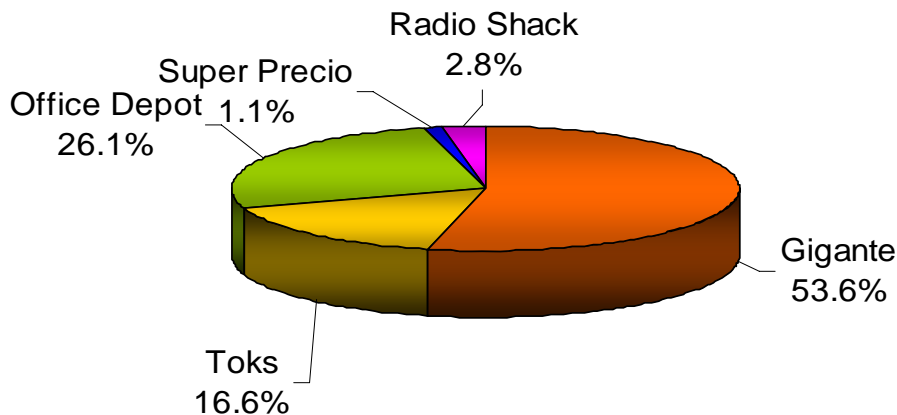
As of September 30,2007 the number of stores and sales floor area by format were as follows:

	2Q07	Closings	Openings	3Q07	Sqm Sales Floor	Chg % Dec vs Sept
<b>GIGANTE</b>	96	3	1	94	534,868	-0.9%
<b>Bodega GIGANTE</b>	51	0	0	51	193,758	0.0%
<b>Super GIGANTE</b>	59	0	0	59	129,057	-1.1%
<b>Super Precio</b>	79	4	6	81	19,504	2.5%
<b>Autoservicio</b>	285	7	7	285	877,187	-0.7%
<b>Toks**</b>	64	0	4	68	14,284	8.4%
<b>Office DEPOT</b>	145	1	7	151	222,308	6.8%
<b>RadioShack</b>	161	0	6	167	19,862	8.1%
<b>Total</b>	<b>655</b>	<b>8</b>	<b>24</b>	<b>671</b>	<b>1,119,356</b>	<b>0.1%</b>

\* Gigante includes Gigante USA

\*\* Number of sets

**Additions to the Net Property, Plants and Equipment.-** In the first nine months of the year we opened new stores and also continued with our remodeling program, new land was bought for additional stores – increasing our land reserves --, and construction for a new distribution center began along with improvements to our information systems. The above meant an investment in fixed assets of \$ 923 million pesos.





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Financial Ratios	3Q07	3Q06
Inventory days *	64.0	62.1
Accounts payable days *	65.90	61.60
Income per share (last 12 moths)	\$0.85	-\$0.16
EBITDA per share* (last 12 months)	\$2.23	\$1.38
Gross Margin	24.5%	23.2%
Operating Margin	3.7%	2.4%
Net Margin	4.1%	3.8%
Interest bearing Liabilities to Stockholder's Equity	0.22 times	0.24 times
Total Liabilities to Stockholder's Equity	0.73 time	0.73times
Shares Outstanding	988,339,204	982,389,877

\*first nine moths of the year

Sincerely  
**Ángel Losada Moreno**  
CEO





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

**Income Statement**

**Third Quarter 2007/2006**

**(Thousands of pesos as of September 30 2007)**

<b>Items</b>	<b>3Q07</b>	<b>3Q06</b>
<b>Net Sales</b>	<b>8,776,145</b>	<b>8,375,483</b>
Cost of Sales	6,624,298	6,433,522
<b>Gross Profit</b>	<b>2,151,847</b>	<b>1,941,961</b>
Total Operating Expenses	1,826,350	1,741,394
<b>Operating Income</b>	<b>325,497</b>	<b>200,567</b>
Other income and expenses	201,776	(12,889)
<b>Comprehensive Financial Cost</b>	<b>(35,639)</b>	<b>179,872</b>
Interest Paid	85,081	103,904
Loss (gain)	-	-
Other Financial Expenses	39,647	(56,840)
Interest Earned	10,423	7,590
Other Financial Products	(15,624)	1,844
Exchange Loss (Gain) Net	(16,629)	78,753
Monetary Position	110,919	138,749
<b>Net Income Before Taxes</b>	<b>491,634</b>	<b>367,550</b>
Provisions for Taxes and Profit Sharing due	133,954	48,283
<b>Net Income before discontinued Operations</b>	<b>357,680</b>	<b>319,267</b>
Discontinued Operations	-	-
<b>Net consolidated income</b>	<b>357,680</b>	<b>319,267</b>
<b>Net income of minority interest</b>	<b>1,382</b>	<b>(125)</b>
<b>Net income of majority interest</b>	<b>356,298</b>	<b>319,392</b>





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

**Income statement**

**Third Quarter Accumulated Figures 2007/2006**

**Thousands of pesos as of September 30,2007**

<b>Items</b>	<b>2007</b>	<b>2006</b>
<b>Net Sales</b>	25,365,293	24,239,661
Cost of Sales	19,181,053	18,606,723
<b>Gross Profit</b>	<b>6,184,240</b>	<b>5,632,938</b>
Total Operating Expenses	5,346,175	5,223,259
<b>Res. de operación</b>	<b>838,065</b>	<b>409,679</b>
Other Income and expenses	167,624	<b>(151,289)</b>
<b>Res. Int. Financ.</b>	<b>(222,253)</b>	<b>(181,593)</b>
Interest Paid	238,387	282,888
Loss (gain)	-	-
Other Financial Products	157,004	126,894
Interest Earned	21,817	20,917
Other Financial Products	<b>(2,942)</b>	13,580
Exchange Loss (Gain) Net	<b>(17,229)</b>	3,264
Monetary Position	171,492	190,428
<b>Net Income Before Taxes</b>	<b>783,436</b>	<b>76,797</b>
Provisions for Taxes and Profit Sharing due	300,200	125,259
<b>Net Income before discontinued Operations</b>	<b>483,236</b>	<b>(48,462)</b>
Discontinued Operations	-	-
<b>Net consolidated income</b>	<b>483,236</b>	<b>(48,462)</b>
<b>Net income of minority interest</b>	<b>2,903</b>	<b>1,357</b>
<b>Net income of majority interest</b>	<b>480,333</b>	<b>(49,819)</b>

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## BALANCE SHEET

Accumulated to the Third Quarter 2007 / 2006

Thousands of pesos as of september 30, 2007

Items	2007	2006
<b>Total assets</b>	<b>24,668,920</b>	<b>23,575,147</b>
	-	-
<b>Current assets</b>	<b>6,815,027</b>	<b>6,028,576</b>
Cash and temporary investments	842,498	462,936
Trade accounts receivable (net)	222,029	295,445
Other accounts receivable (net)	984,787	802,904
Inventories	4,544,331	4,278,499
Other current assets	221,382	188,792
	-	-
<b>Long term assets</b>	<b>234,552</b>	<b>221,369</b>
Accounts receivable (net)	-	-
Investment in equity shares and unconsolidated subsidiaries	-	-
Other Investments	234,552	221,369
	-	-
<b>Property, plant and equipment(net)</b>	<b>16,679,210</b>	<b>16,333,089</b>
Property	17,580,133	16,883,748
Machinery and industrial equipment	-	-
Other equipment	6,395,586	8,351,763
Accumulated depreciation	7,525,143	9,124,899
Bulding in process	228,634	222,477
	-	-
<b>Deferred assets</b>	<b>672,701</b>	<b>712,630</b>
	-	-
<b>Other assets</b>	<b>267,430</b>	<b>279,483</b>



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### BALANCE SHEET

Accumulated to the Third Quarter 2007 / 2006

Thousands of pesos as of september 30, 2007

Items	2007	2006
<b>Total Liabilities</b>	<b>10,487,609</b>	<b>9,955,358</b>
<b>Current Liabilities</b>	<b>6,196,153</b>	<b>5,541,897</b>
Accounts Payable	4,682,011	4,245,522
Bank Debt	59,998	43,305
Debt securities	-	-
Other Credits	18,530	31,723
Accrued taxes	422,860	138,423
Other current liabilities	1,012,754	<b>1,082,924</b>
<b>Long-Term Liabilities</b>	<b>3,005,022</b>	<b>3,168,978</b>
Bank debt	90,503	52,415
Debt securities	2,839,278	2,966,640
Other debts	75,241	149,923
Deferred liabilities	-	-
Other long-term liabilities	1,286,434	1,244,483
<b>Shareholder's equity</b>	<b>14,181,311</b>	<b>13,619,789</b>
<b>Minority stockholder's equity</b>	<b>115,013</b>	<b>111,844</b>
<b>Majority stockholder's equity</b>	<b>14,066,298</b>	<b>13,507,945</b>
<b>Paid in capital</b>	<b>10,148,213</b>	<b>10,058,867</b>
Capital stock	2,648,901	2,646,971
Premium on stock sold	7,499,312	7,411,896
Reserve on restatement on stockholder's	-	-
<b>Capital increase(decrease)</b>	<b>3,918,085</b>	<b>3,449,078</b>
Cumulative results and equity reserve	17,870,430	17,077,640
Other cumulative results	(14,058,626)	(13,679,342)
Reserve for shares repurchase	106,281	50,780





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### **Web Pages**

[www.grupogigante.com.mx](http://www.grupogigante.com.mx)

[www.officedepot.com.mx](http://www.officedepot.com.mx)

[www.toks.com.mx](http://www.toks.com.mx)

[www.radioshack.com.mx](http://www.radioshack.com.mx)

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