



February 27, 2008

## FOURTH QUARTER 2007 EARNINGS RELEASE

### *Previous considerations*

In December 2007 we took the strategic decision to divest from our retail stores (Gigante and Gigante USA).

As a result, earnings reported for the fourth quarter 2007 show the discontinuing of retail stores operations as established in the Financial Information Norms (*NIF*) for this type of operations.

Comparisons presented in this report are made on pro forma basis, thus, 2006 results exclude retail stores figures with the goal of making them comparable.

### Operating and Financial Result for Fourth Quarter 2007

All of our businesses had an exceptional performance during the year, even though 2007 was a complicated for the commercial sector. Mexico faced a slowdown in the consumption which was reflected in lower sales in several economic sectors.

- Total sales and same store sales in the period October-December increased in real terms **24.2%** and **8.6%**, respectively, when compared to the same year ago period.
- The gross margin in 4Q07 decreased **200 b.p.**, when compared to 4Q06
- Operating expenses increased in the period **31.0%** from 4Q06, as a result of our aggressive expansion plan. We opened 33 stores in the quarter.
- As a result operating cash flow in the quarter declined **16.1%** from the same 2006 period to **\$224** million pesos, reaching an EBITDA margin of **9.8%**



GRUPO GIGANTE, S.A.B. DE C.V.  
FOURTH QUARTER 2007 RESULTS

	4Q07	4Q06	Var %
Net Sales	2,279	1,836	24.2
<b>Gross Profit</b>	<b>958</b>	<b>808</b>	<b>18.6</b>
Operating Income	158	197	-19.7
<b>EBITDA</b>	<b>224</b>	<b>266</b>	<b>-16.1</b>
Net Comprehensive Financing Cost	-9	-18	-50.0
<b>Net Income</b>	<b>4,232</b>	<b>356</b>	<b>10.9 *</b>

\* times

**Sales.-** In 4Q07 total sales amounted to **\$2,280** million pesos, increasing in real terms **24.2%** from the same year ago period. Same store sales totaled **\$1,857** million pesos, gaining **8.6%** from 4Q06.

In cumulative terms, total sales in 2007 amounted to **\$7,976** million pesos, a real increase of **15.8%** from 2006. Same store sales totaled **\$ 6,901** million pesos and were **7.1%** above 2006.

The excellent performance of our business owes to the opening of **33** stores, as well as a continue investment plan in our personnel, marketing, logistics and information systems to guarantee the quality of our products and services.

**Gross Profit.-** During the quarter October-December, operating income increased **18.6%** from the same year ago quarter to **\$958** million pesos, representing **42.0%** of sales. In cumulative terms, gross profit grew **14.6%** from the same 2006 period to **\$3,138** million pesos.

The gross margin for the period decreased by **200 b.p.** and **50 b.p.** on an annual basis. Due to the combined effect of promotional campaigns oriented to increase sales in our electronics business and the increase in raw materials prices for our restaurant business.

**Operating Expense.-** During the quarter, operating expenses totaled **\$800** million pesos, or **31.0%** above those in 4Q06, representing **35.1%** of sales. The increment in expenses during 4Q07 owes mainly to the opening of **6** SuperPrecio stores, **9** Office Depot, **12** Radio Shack and **6** Toks restaurants.



The accumulated operating expenses reached **\$2,486** million pesos, representing an increase of **10.8%** from 2006, which is below sales growth and shows the healthy expense control.

**Operating Income.-** During the 2007 quarter of October-December, the operating income reached **\$158** million pesos, or **19.7%** below the same year ago quarter. This decrease stems from the increase in operating expenses during the quarter.

In cumulative terms, the operating income amounted to **\$652** million pesos, representing an increase of **27.6%** from 2006.

**Operating Cash Flow.-** During the fourth quarter of 2007, the operating income reached **\$224** million pesos, or **16.1%** below the observed in 4Q06. At the close of the year, the operating income totaled **\$822** million pesos, **24.5%** above 2006.

**Net Income.** – At the close of 4Q07 net income amounted to **\$4,232** million pesos, which represents **185.6%** of total sales and is **10.9 times** above the same 2006 quarter. Net income in 2007 reached **\$4,712** million pesos, or **59.1%** of sales, which represents **14.4 times** the results of 2006.

Results reported include the net effect of the sale to Soriana, which affected the quarter and will have additional positive effects in the first quarter of 2008.



**Installed Capacity.-** During the fourth quarter of the year, we opened 33 units, as follows: **9** Office Depot stores, **6** SuperPrecio, **6** Toks and **12** Radio Shack. With the addition of these new stores, the total store numbers reached 496 at the close of the quarter, representing a total sales floor of **271,815 m<sup>2</sup>** and **15,656** seats.

### Openings

Branch	State	Office Depot	SuperPrecio	Toks	Radio Shack	Total
Plaza Tehuacán	Puebla				1	1
Naucalpan Centro	Estado de Mexico				1	1
Supercenter Coacalco	Distrito Federal				1	1
Plaza Tecamac	Distrito Federal				1	1
Parque Tezontle	Distrito Federal				1	1
Altaria Agascalientes	Guanajuato				1	1
Lindavista	Nuevo León				1	1
Gigante Tuxtla	Distrito Federal				1	1
Plaza Q Pachuca	Hidalgo				1	1
Galerias Vallarta	Distrito Federal				1	1
Citadel	Monterrey				1	1
Altabrisa Mérida	Yucatán				1	1
Centrito Express	Nuevo León	1				1
Córdoba	Veracruz	1				1
Chicoloapan	Estado de México	1				1
León III	Guanajuato	1				1
Nogales	Sonora	1				1
Parque Lira	Distrito Federal	1				1
Miguel A. de Quevedo	Distrito Federal	1				1
Celaya II	Guanajuato	1				1
Gómez Palacio	Durango	1				1
Jalapa	Veracruz			1		1
Tezontle	Distrito Federal			1		1
Tuxtla	Chiapas			1		1
Saltillo	Coahuila			1		1
Playa del Carmen	Quintana Roo			1		1
Sendero Norte	Nuevo León			1		1
Ahuizotla	Estado de México		1			1
Pantitlán	Estado de México		1			1
Industrial	Distrito Federal		1			1
Austriacos	Distrito Federal		1			1
Campestre Aragón	Distrito Federal		1			1
San Bernabé	Distrito Federal		1			1
		<b>9</b>	<b>6</b>	<b>6</b>	<b>12</b>	<b>33</b>

As of December 31, 2007 the number of stores and sales floor area by format

Were as follows:

	3Q07	Closings	Openings	4Q07	Sqm. Sales Floor	Var % Dec 07 vs. Dec 06
	68	0	6	74	15,656	18.9
	81	1	6	86	20,633	8.6
	151	0	9	160	230,247	11.3
	167	3	12	176	20,935	16.6
	<b>467</b>	<b>4</b>	<b>33</b>	<b>496</b>	<b>271,815</b>	<b>11.5</b>

\* Number of seats



**Capital Expenditures.-** During the 12-month period of 2007, the company invested a total of **1,105** million pesos in the opening and remodeling of stores, as well as systems and logistics.

**Relevant Facts.-** In November 2007, Grupo Gigante initiated the offer to buyback its bond with no guarantees issued in April 2006 amounting to US \$260 million. The goal was to free the company's liabilities in anticipation of the retail store divestment.

We are in the process of concluding our long-term strategic plan for the new Grupo Gigante, which we expect to share with our shareholders and the financial community in the near future.

Sincerely

**Ángel Losada Moreno**

Chairman of the Board and

Chief Executive Officer, Grupo Gigante



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

Income Statement

Fourth Quarter 2007/2006

(Thousands of pesos as of december 31, 2007)

Items	4Q07	4Q06
<b>Net Sales</b>	2,279,709	1,836,142
Cost of Sales	1,321,665	1,028,620
<b>Gross Profit</b>	<b>958,044</b>	<b>807,522</b>
Total Operating Expenses	800,000	610,701
<b>Operating Income</b>	<b>158,044</b>	<b>196,821</b>
Other income and expenses	(120,044)	(25,331)
<b>Comprehensive Financial Cost</b>	<b>(9,061)</b>	<b>(17,859)</b>
Interest Paid	1,864	(7,999)
Loss (gain)	-	-
Other Financial Expenses	33,194	71,915
Interest Earned	(294)	4,629
Other Financial Products	(1,251)	24,087
Exchange Loss (Gain) Net	604	2,488
Monetary Position	27,658	14,853
<b>Net Income Before Taxes</b>	<b>77,977</b>	<b>153,631</b>
Provisions for Taxes and Profit Sharing due	73,818	53,582
<b>Net Income before discontinued Operations</b>	<b>4,159</b>	<b>100,049</b>
Discontinued Operations	4,242,317	265,492
<b>Net consolidated income</b>	<b>4,246,476</b>	<b>365,541</b>
<b>Net income of minority interest</b>	<b>14,327</b>	<b>9,855</b>
<b>Net income of mayority interest</b>	<b>4,232,149</b>	<b>355,686</b>





**BALANCE SHEET**  
**Accumulated to the Fourth Quarter 2007 / 2006**  
Thousands of pesos as of december 31, 2007

<b>Items</b>	<b>2007</b>	<b>2006</b>
<b>Total assets</b>	30,310,227	25,010,146
<b>Current assets</b>	16,458,236	8,961,727
Cash and temporary investments	634,824	414,645
Trade accounts receivable (net)	106,039	109,204
Other accounts receivable (net)	7,792,187	216,607
Inventories	1,267,002	1,189,562
Other current assets	6,658,185	7,031,709
<b>Long term assets</b>	213,538	218,975
Accounts receivable (net)	-	-
Investment in equity shares and unconsolidated subsidiaries	-	-
Other Investments	213,538	218,975
<b>Property, plant and equipment(net)</b>	12,983,799	12,646,936
Property	12,847,900	15,341,279
Machinery and industrial equipment	-	-
Other equipment	1,356,636	899,109
Accumulated depreciation	1,347,838	3,671,257
Bulding in process	127,101	77,805
<b>Deferred assets</b>	529,806	592,529
<b>Other assets</b>	124,847	2,589,979



RadioShack

Super Precio  
por siempre más baratoOffice  
DEPOT

RadioShack

Super Precio  
por siempre más baratoOffice  
DEPOT**BALANCE SHEET**

Accumulated to the Fourth Quarter 2007 / 2006

Thousands of pesos as of december 31, 2007

Items	2007	2006
<b>Total Liabilities</b>	11,871,359	11,155,097
<b>Current Liabilities</b>	8,889,671	6,852,734
Accounts Payable	983,506	985,845
Bank Debt	111,001	45,167
Debt securities	-	-
Other Credits	70,439	3,536
Accrued taxes	945,237	322,222
Other current liabilities	6,779,488	5,945,964
<b>Long-Term Liabilities</b>	39,000	48,764
Bank debt	39,000	48,764
Debt securities	-	-
Other debts	-	-
Deferred liabilities	-	-
Other long-term liabilities	2,942,688	4,253,599
<b>Shareholder's equity</b>	18,438,868	13,855,049
<b>Minority stockholder's equity</b>	126,498	109,993
<b>Majority stockholder's equity</b>	18,312,370	13,745,056
<b>Paid in capital</b>	10,337,239	10,211,914
Capital stock	2,689,090	2,688,167
Premium on stock sold	7,648,149	7,523,747
Reserve on restatement on stockholder's equity	-	-
<b>Capital increase(decrease)</b>	7,975,131	3,533,142
Cumulative results and equity reserve	22,360,207	17,667,917
Other cumulative results	(14,501,357)	(14,183,701)
Reserve for shares repurchase	116,281	48,926



**AS INFORMATION PURPOSE, WE PRESENT GRUPO GIGANTE RESULTS INCLUDING SELF-SERVICE BUSINESS**

With the purpose to inform the performance of Grupo Gigante for the 4Q07 and 2007, we present these figures which include the operations of the retail stores.

	4Q07	4Q06	% Real Var
<b>Same Stores Sales</b>	8,859	8,736	1.4
<b>Total Sales</b>	9,450	9,102	3.8
<b>Gross Margin</b>	25.2	27.1	-1.9 p.p.
<b>Operating Expenses</b>	2,140	1,845	16.0
<b>Operating Income</b>	238	626	-62.0

	2007	2006	% Real Var
<b>Same Stores Sales</b>	33,496	32,529	3.0
<b>Total sales</b>	35,198	33,708	4.4
<b>Gross Margin</b>	24.6	24.3	0.3 p.p.
<b>Operating Expenses</b>	7,567	7,147	5.9
<b>Operating Income</b>	1,089	1,042	4.5

The efforts made to implement the transformation plan in the self-service business had a positive effect in our results as we can see in the tables above.



### 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)

### Contacts:

Emilia Maldonado

+ 52 (55) 5269-8727

emaldona@gigante.com.mx

### IR Communications

Bernarda Tinoco

+ 52 (55) 5644-1247

bernarda@irandpr.com