



24 July 2009

## **COMMENTS AND ANALYSIS BY ADMINISTRATION ON THE OPERATING RESULTS AND FINANCIAL POSITION OF THE COMPANY AT THE CLOSE OF THE SECOND QUARTER OF 2009**

The comparisons and numeric ratios refer to pro forma figures; that is, in the second quart of 2008, the results from Radio Shack de México are excluded in order to make them comparable to those reported in the second quarter of 2009.

The information is presented in accordance with the Standards for Financial Information. The figures for the current period, as well as those corresponding to 2008, are expressed in nominal terms.

### **Results for 2Q09**

- Total sales during the 2Q09 showed an increase of 11.6% compared to those for the same quarter of the previous year.
- Same store sales increased 0.6% during the April-June period of 2009 compared to those of 2Q08.
- Gross profits for the second quarter of 2009 totaled \$903 mdp.
- Operating expense for 2Q09 recorded a change of 17.1% in relation to 2Q08.
- Operating profit for the second quarter of 2009 was \$198 mdp.
- EBITDA for 2Q09 was at \$ 282 mdp, a figure that shows a decrease of -4.06% against the same period in the previous year.

*mdp: millions of pesos*



**Total sales** during 2Q09 totaled \$2,138 mdp, an amount representing an increase of 11.6% in relation to 2Q08; **same store sales** achieved an increase of 0.6%, totaling \$1,749 mdp.

In cumulative terms, total and same store sales recorded an increase of 14.3% and 3.6% respectively when compared to the same period in the previous year, ending at \$4,390 mdp total sales and \$3,734 mdp same store sales.

The growth in accumulated total sales was stimulated by inclusion of 97 units in the last 12 months. Said expansion partially offset the deceleration in sales growth of same store sales caused by the economic climate and the swine flu outbreak in the second quarter of the year.

**The cost of sales** registered in the second quarter of the year reached \$1,235 mdp, which represented an increase of 13.5% in comparison to 2Q08. As percentage on sales, it recorded 1 percentage point of increase, going from 56.7% to 57.7%.

At the close of the January-June period of 2009, cost of sales reached \$2,557 mdp, 15.8% higher than the cost of sales in 2008. As a percentage of sales a reduction of 0.7 percentage points was observed from the previous year.

The aforesaid increases are due primarily to an increase in sales in existing units, and to the expansion of the sales floor area throughout the year.

In the April-June 2009 period, **gross profit** increased 9.1% in relation to 2Q08 reaching \$903 mdp. The gross profit margin in the same period was 42.2% resulting in 1 percentage point less than that recorded in the same period of 2008.

Gross profit for the first semester of 2009 totaled \$1,833 mdp, an amount 12.3% higher than what was recorded in the same period of 2008. As percentage on sales, it represented 41.8%, 0.7 percentage points less compared to that recorded in the first semester of 2008.

**Operating expenses** for 2Q09 reached \$705 mdp, representing 33% of sales, and an increase of 17.1% compared to those recorded in 2Q08.

In cumulative terms, operating expenses were \$1,412 mdp, a figure that is 18.3% higher compared to the \$1,193 mdp recorded in the first semester of 2008.

Increases in this line come from execution of the sales floor area expansion strategy.

**EBITDA** for 2Q09 totaled \$282 mdp, -4.06% less than that recorded in 2Q08. Regarding operating margin, this fell by 2.15 percentage points.

At the close of the semester, this item reached \$587 mdp and was 1.8% more than the figure recorded in the same period of the previous year.



**Comprehensive financing result** (CFR) for 2Q09 totaled \$38.5 mdp.

At the close of the first semester of 2009, the CFR was also favorable, at \$123 mdp.

These results provide a lesser exchange loss and an increase in the amount of interest earned.

The **Net Profit** for 2Q09 represented 8.1% of sales, and reached \$173 mdp. The foregoing is an increase of 2.96 times in relation to the same period of the preceding year.

The net profit at the close of the first semester of 2009 totaled \$378 mdp, an amount 82.9% lower than that recorded at the end of the first semester of 2008, primarily due to discontinuation of the operation of the self-service stores and Radio Shack. As percentage on sales, it represented 8.6%.

Over the course of the second quarter of 2009, we opened a total of 21 units: 3 Office Depot stores and 18 Tiendas Super Precio. With inclusion of these openings, the total number of **units in operation** at the close of June was 436, with a total of 298,245 m<sup>2</sup> of sales floor space and 18,260 seats. At the same time, we closed 1 Toks Restaurant.

In the first six months of the year, the company made **capital investments** in total of \$310 mdp from the \$1,482 mdp budgeted for 2009. Said amount was used for acquisition of land, openings, remodeling, and improvements to the information systems.

**Relevant Events.** On 30 June 2009, Grupo Gigante communicated, in accordance with and as a consequence of the Grupo strategic plan, approved 27 March 2009 by the Board of Directors, the following adjustments to its organic structure.

The Grupo Operations Board was created, led by Jaime Alverde Losada, who will be responsible for the Grupo business units, that is, Gigante Grupo Inmobiliario; Tiendas Super Precio, The Home Store and Servicios Compartidos Gigante, in addition to the new commercial units that may be formed or included in the future.

Additionally, the Grupo Gigante Corporate Board was created, led by Sergio Montero Querejeta. This Corporate Board will be responsible for the following strategic functions and areas: Corporate Finance, Planning and Follow-up on Grupo Strategy; Corporate Responsibility, Institutional Relations and Communications; and Corporate Legal. Arturo Cabrera Valladares will be responsible for Corporate Finance.



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Grupo Gigante, S.A.B. DE C.V.  
 Balance Sheet  
 Accumulated to Second Quarter 2009/2008  
 Thousands of Pesos

<b>Items</b>	<b>2009</b>	<b>2008</b>
<b>Total Assets</b>	<b>20,964,520</b>	<b>21,682,509</b>
<b>Current Assets</b>	<b>6,392,469</b>	<b>7,670,294</b>
Cash and Temporary Investments	4,344,397	3,931,320
Trade Accounts Receivable (net)	134,374	147,253
Other Accounts Receivable (net)	592,665	1,597,574
Inventories	1,209,201	1,117,251
Other Current Assets	111,832	876,896
<b>Long Term Assets</b>	<b>219,721</b>	<b>218,314</b>
Accounts Receivable (net)	-	-
Investment in Equity Shares and Unconsolidated Subsidiaries	-	-
Other Investments	219,721	218,314
<b>Property, Plant and Equipment (Net)</b>	<b>13,838,180</b>	<b>13,006,546</b>
<b>Deferred Assets</b>	<b>496,341</b>	<b>498,783</b>
<b>Other Assets</b>	<b>17,809</b>	<b>288,572</b>



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Balance Sheet  
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<b>Items</b>	<b>2009</b>	<b>2008</b>
<b>Total Liabilities</b>	<b>3,776,328</b>	<b>4,703,577</b>
<b>Current Liabilities</b>	<b>1,757,606</b>	<b>2,313,945</b>
Accounts Payable	879,858	738,322
Bank Debt	90,000	125,000
Debt Securities	-	-
Other Credits	-	75,705
Accrued Taxes	30,108	30,719
Other Current Liabilities	757,640	1,344,199
<b>Long Term Liabilities</b>	<b>-</b>	<b>-</b>
Bank Debt	-	-
Debt securities	-	-
Other Debts	-	-
<b>Deferred Liabilities</b>	<b>-</b>	<b>-</b>
<b>Other Long Term Liabilities</b>	<b>2,018,722</b>	<b>2,389,632</b>
<b>Shareholder´s Equity</b>	<b>17,188,192</b>	<b>16,978,932</b>
<b>Minority Shareholder´s Equity</b>	<b>-</b>	<b>127,721</b>
<b>Mayority Shareholder´s Equity</b>	<b>17,188,192</b>	<b>16,851,211</b>
<b>Paid in Capital</b>	<b>10,362,615</b>	<b>10,337,226</b>
Capital Stock	2,689,243	2,689,077
Premium on Stock Sold	7,673,372	7,648,149
Contributions for Future Capital Increases	-	-
Increase (loss) in Capital	<b>6,825,577</b>	<b>6,513,985</b>
Cumulative Results and Equity Reserve	6,825,577	6,513,985
Other Cumulative Results	-	-
Reserve for Shares Repurchase	-	-



Grupo Gigante, S.A.B. de C.V  
Income Statement  
Accumulated to Second Quarter 2009/2008  
Thousands of pesos

Items	2009	2008
<b>Net Sales</b>	<b>4,390,380</b>	<b>3,840,942</b>
Cost of Sales	2,557,092	2,208,912
<b>Gross Profit</b>	<b>1,833,288</b>	<b>1,632,030</b>
Total Operating Expenses	1,411,954	1,193,347
<b>Operating Income</b>	<b>421,334</b>	<b>438,683</b>
Other Income and Expenses (Net)	(16,346)	(3,415)
Comprehensive Financing Result (CFR)	123,046	(298,836)
Extraordinary Items	-	9,860
<b>Net Income Before Taxes</b>	<b>528,034</b>	<b>146,292</b>
Tax on Income	126,728	40,961
Net Income Before Discontinued operations	<b>401,306</b>	<b>105,331</b>
Discontinued operations	(23,142)	2,103,497
<b>Net Consolidated Income</b>	<b>378,164</b>	<b>2,208,828</b>
Net Income of Minority Interest	-	1,223
Net Income of Majority Interest	<b>378,164</b>	<b>2,207,605</b>



Grupo Gigante, S.A.B. de C.V.  
Income Statement  
Second Quarter 2009/2008  
Thousands of pesos

Items	2Q09	2Q08
<b>Net Sales</b>	<b>2,137,870</b>	<b>1,915,534</b>
Cost of Sales	1,234,957	1,087,771
<b>Gross Profit</b>	<b>902,913</b>	<b>827,763</b>
Total Operating Expenses	704,741	601,846
<b>Operating Income</b>	<b>198,172</b>	<b>225,917</b>
Other Income and Expenses (Net)	(14,061)	(13,866)
Comprehensive Financing Result (CFR)	38,534	(205,382)
Extraordinary Items	-	(476)
<b>Net Income Before Taxes</b>	<b>222,645</b>	<b>6,193</b>
Tax on Income	41,220	(26,673)
Net Income Before Discontinued operations	<b>181,425</b>	<b>32,866</b>
Discontinued operations	(7,932)	(91,513)
<b>Net Consolidated Income</b>	<b>173,493</b>	<b>-58,647</b>
Net Income of Minority Interest	-	(5,750)
<b>Net Income of Majority Interest</b>	<b>173,493</b>	<b>-52,897</b>