

Grupo Gigante

Take-Private LBO Analysis

Lisbon, Portugal · May 8, 2026

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Executive Summary

Acquired Company



Deal Assumptions

5%	49%	35%	16%
Premium	Sponsor	EUR-debt	MXN-debt

Reasoning / Strategy

Stock owners will receive 5% premium selling the stock at all-time-high.

Especially interest for the Losada Family, which holds 61%, providing liquidity for a mid-cap company.

The acquisition is at 17% discount relative to our estimated fair value, driving immediate and effortless implied returns.

Major debt source is issued in EUR, as a tentative to scape from Mexican high-rate environment.

Company Overview

1962
Founded

€2.1B
Enterprise
value

€1.7B
2025
Revenue

+930
Units
worldwide

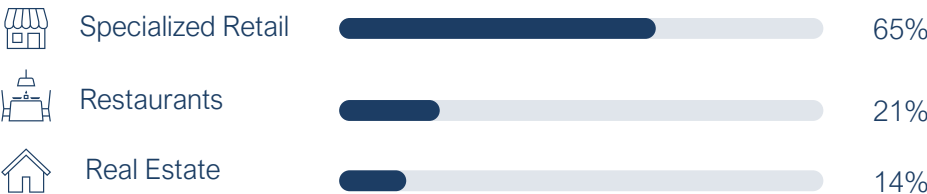


GRUPO GIGANTE

BMV: GIGANTE | Mexico City, MX
S.A.B. de C.V.

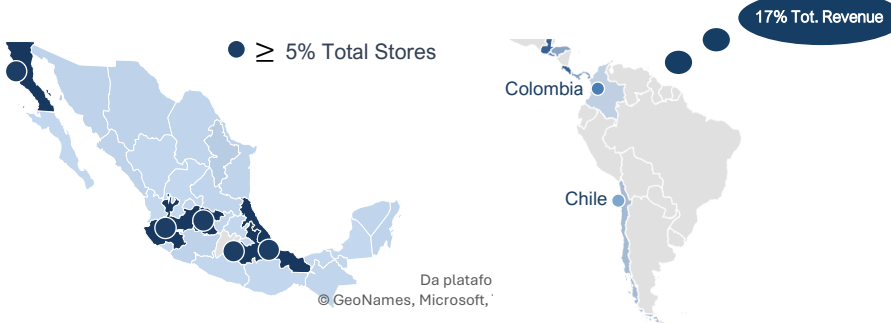
Business Segments

Revenue Breakdown by Segment



Geographic Presence

Mexico & Latin America

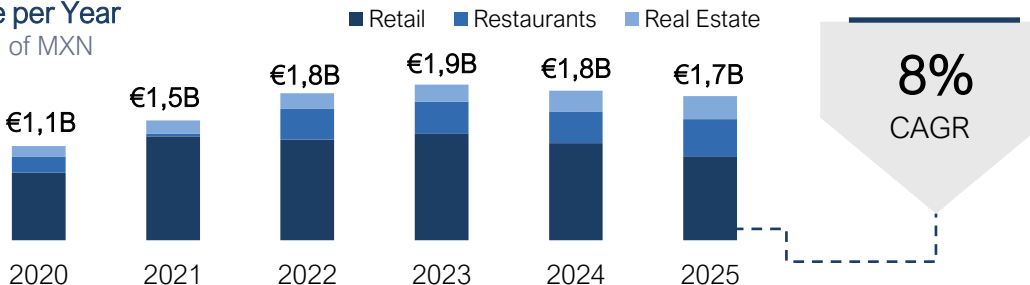


8 Countries | 32 Mexican States | 900+ Units

Prisma (Chile) | Office Depot (6
countries in Central & South America)

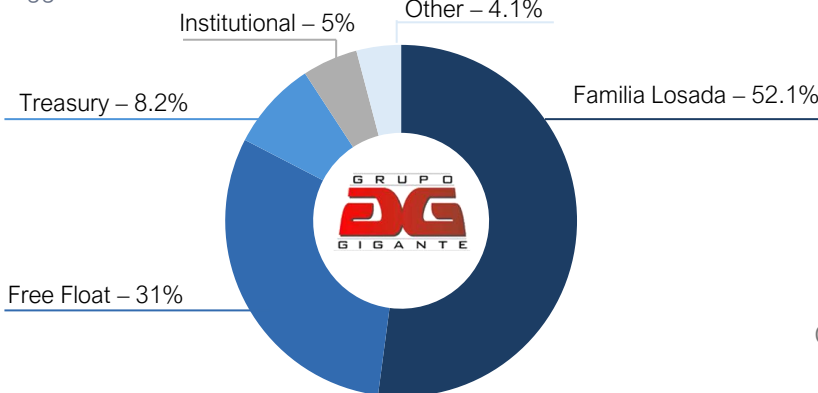
Revenue per Year

In Billions of MXN



Ownership Structure

Biggest Shareholders



Federico B. de Quirós
CEO & Operational Director

Industry and Market Context



Specialized Retail

+4.8%

YoY

Retail sales

ANTAD same-store sales growth, 2024

~14%

→ 20% by '28E

E-commerce share

Of total retail, Mexico (vs. ~16% US)

+5.1%

Real wage

Purchasing power

Real minimum wage growth, 2024

Company

Net Margin

EBITDA Margin

EV/EBITDA



4.9%

~12%

~8.5x



~8%

14.6%

16.8x



1.9%

7.1%

7.3x

Omnichannel Retail Growth



Rationale

Mexico's E-commerce Explosion

+4.2M

New online shoppers

Big competitors

Walmart
México y Centroamérica



Gigante's edge

Specialized retail (Office Depot, Home Store) is less exposed to marketplace commoditization. Physical stores become last-mile hubs for click & collect.

Industry and Market Context



Restaurants

~6%

5Y CAGR

Food service market

Mexico's food service TAM reached ~US\$60B in 2024, with QSR and casual dining leading the expansion.

~65%

Informal share

+14%

Tourism YoY

18%

Delivery CAGR

Middle-class expansion → dining-out spend

Share of population in middle class (Mexico)



+17M

people added to
middle class 2015-25

53%

of households now
above USD 15k income

+4.2%

real household
income CAGR 2020-25

Company

Net Margin

EBITDA
Margin

EV/EBITDA



4.9%

~12%

~8.5x



~3%

21.3%

~7.5x



~6%

12.7%

7.0x

Real wage expansion



+12%

Avg. wage growth 2024



+3.7%

Headline inflation 2025

▲ +210 bps real wage gain: boosting discretionary spend

Industry and Market Context

Real Estate

Nearshoring wave

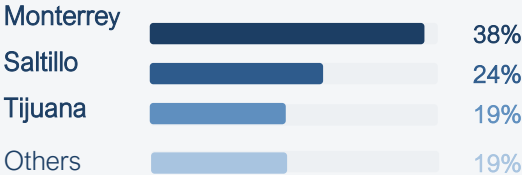
\$36.1B

Record-Breaking FDI
2024

Industrial RE Vacancy

2.1%

Capex inflow by city

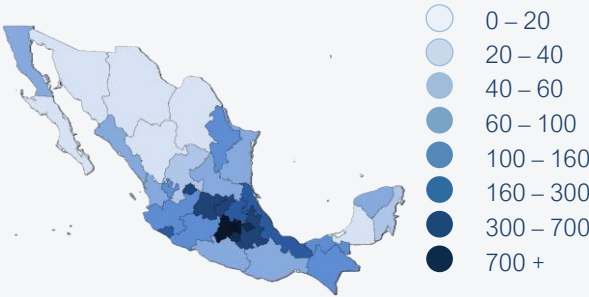


Rising urban density

81% 2025 Urban
population

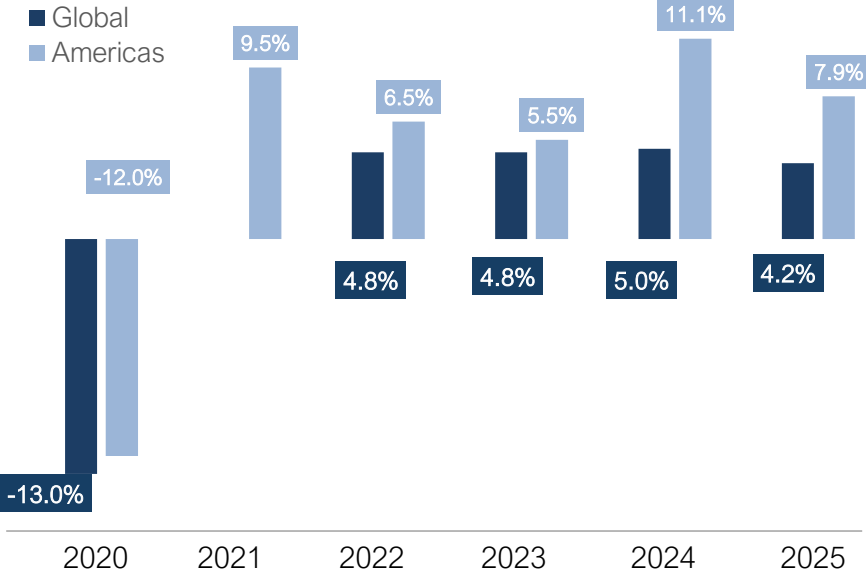
- Urbanization up from 52% in 1970;
- Top-5 metros added 4.2M residents since 2015;
- Mixed-use formats best positioned to capture foot traffic;

Hab/km²



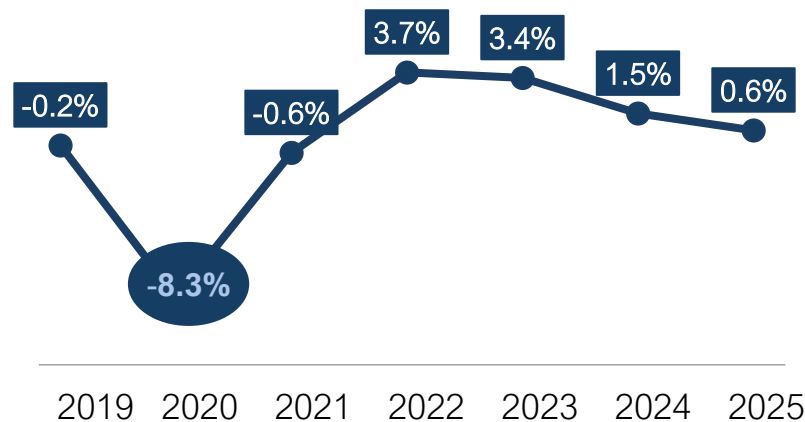
Company	Net Margin	EBITDA Margin	EV/EBITDA
	4.9%	~12%	~8.5x
	49.1%	70.9%	6.3x

Global Prime Rent Growth

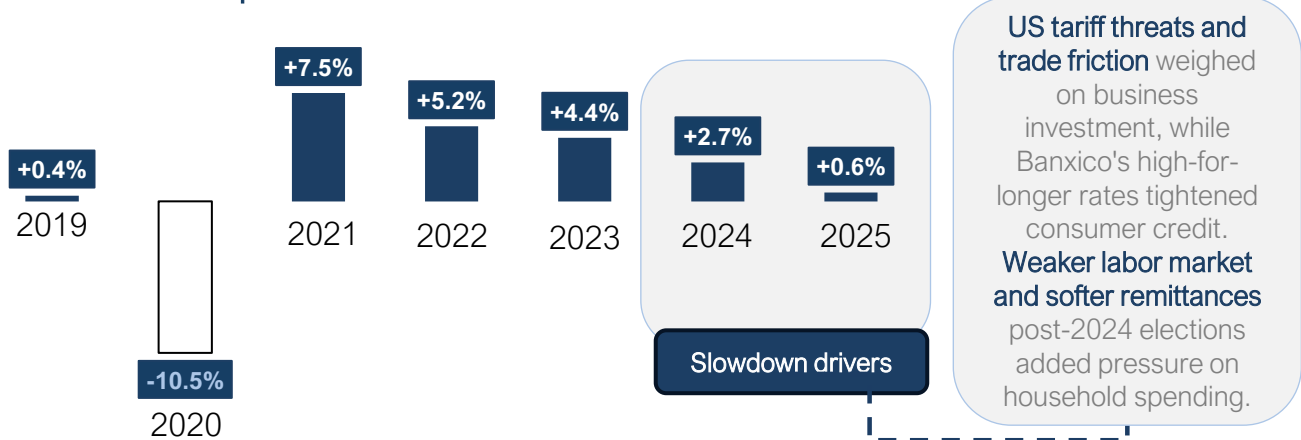


Industry and Market Context

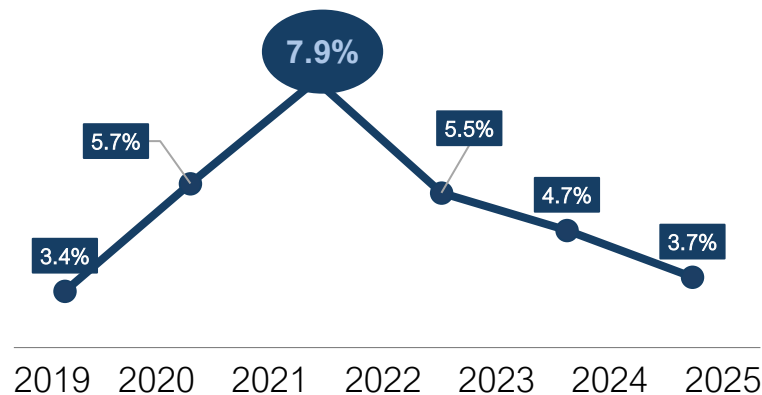
Mexico GDP rate



Private Consumption YoY Growth



Inflation rate



Scenarios	GDP	CPI	Rate
Base	+1.8%	4.0%	9.5%
Upside	+2.6%	3.5%	8.0%
Downside	+0.8%	5.2%	11.0%

01

Undervalued Real Estate Portfolio

Prime urban footprint:

Gigante's portfolio is anchored in Mexico's most resilient markets. By focusing on high-traffic shopping centers in CDMX, Monterrey, and Guadalajara, the company secures 'irreplaceable' locations that guarantee long-term tenant demand and stability.

Urbanization tailwind

The structural shift toward urban living is a powerful catalyst for growth. With Mexico's urban population reaching 81% in 2025, they are positioned to capture sustained, above-inflation rent increases driven by increasing density and consumer concentration.

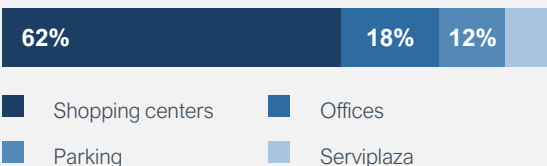
Gross Leasable Area (GLA)

~1.0M m²

Range: 964k – 1.1M m² in recent years

Significant investment-property portfolio across shopping centers, offices, parking and smaller Servi plaza formats.

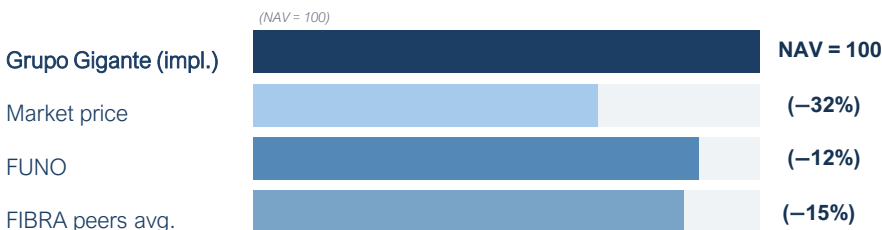
Estimated GLA mix



NAV Discount vs. Listed FIBRA Peers

25–35%

discount to implied NAV



Investment Thesis

02

Nearshoring Exposure

Durable consumer demand:
Migration lifts wages and same-store sales in the north.

Consumer tailwinds · Northern Mexico

Real wages, Norte

+8.4%

YoY 2024 · vs +3.1% natl

Remittances inflows

\$63B

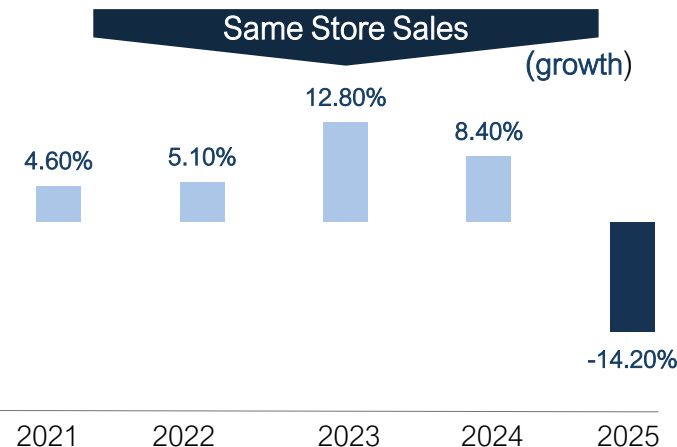
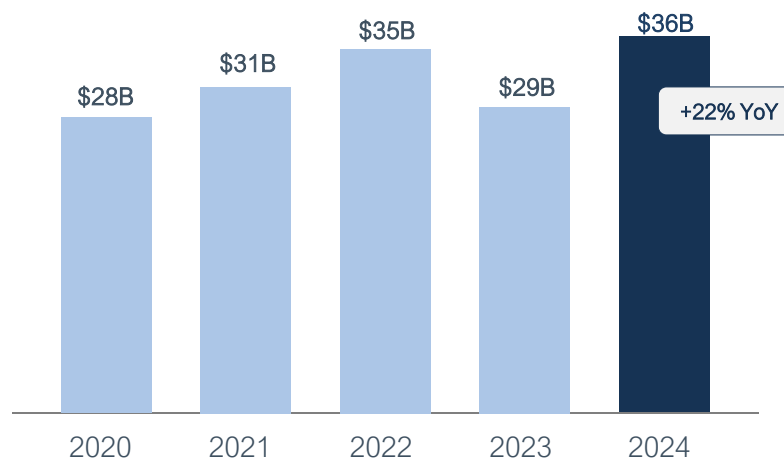
2024 · +5.1% YoY

Formal employment

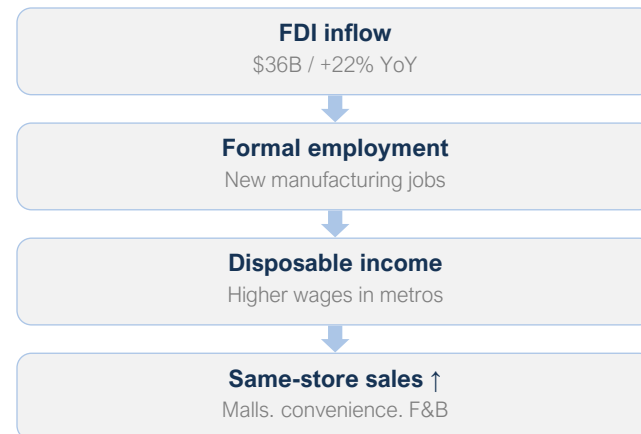
+3.9%

Norte states · 2024

Mexico FDI Inflows – Record Highs (\$MXN)



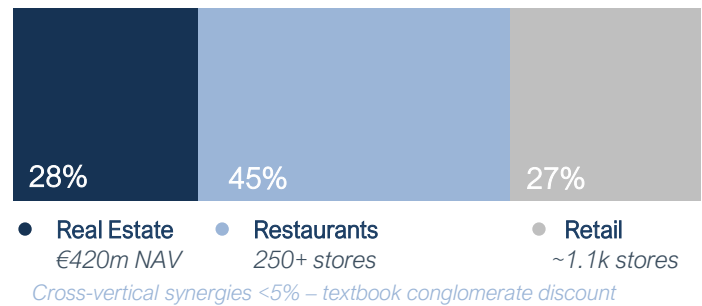
Second-Order Consumption Uplift



03

Conglomerate Discount Unlock

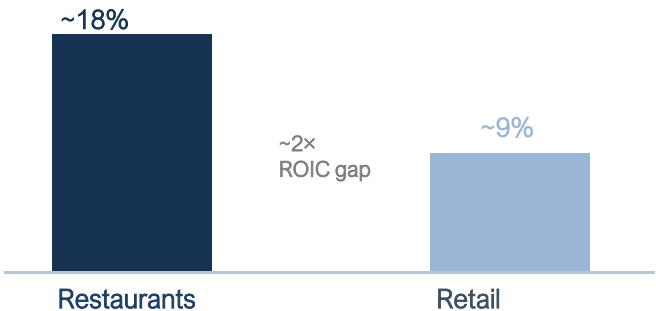
Portfolio mix: Weak cross-synergies



Losada Family Stewardship



ROIC gap drives portfolio review



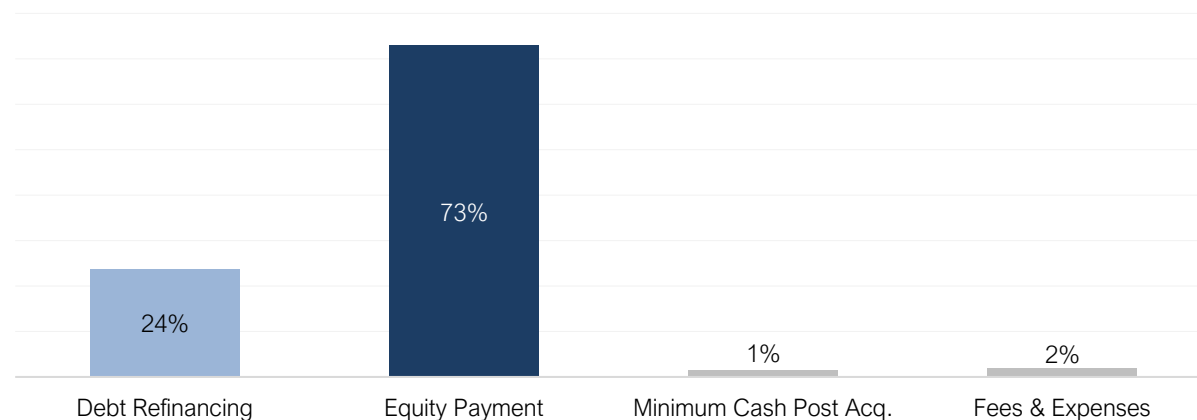
M&A Track Record: Losada Family



CEO flagged non-core divestiture (Q3'24) · strategic review Jan'25

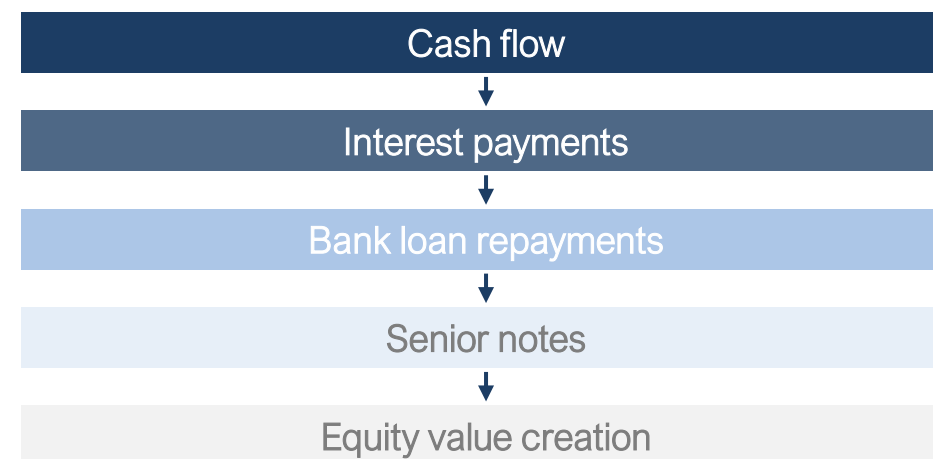
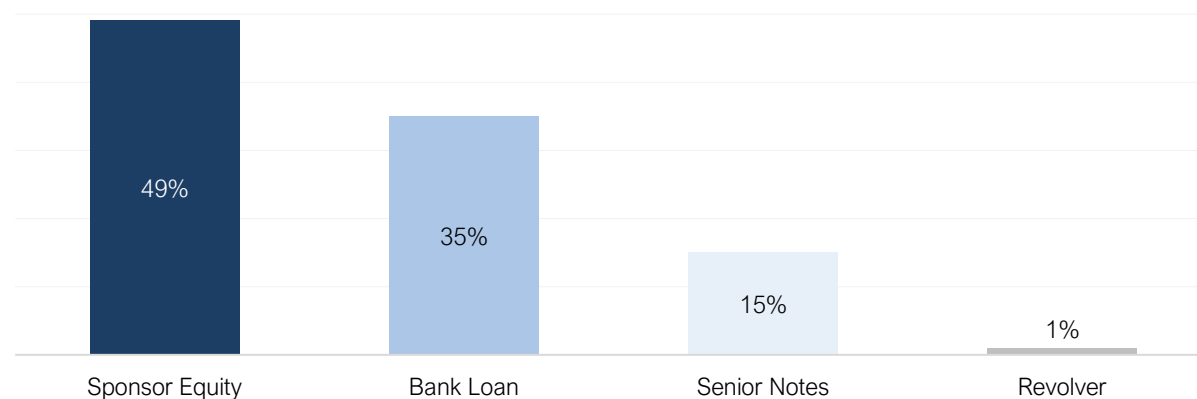
Transaction Structure

Uses

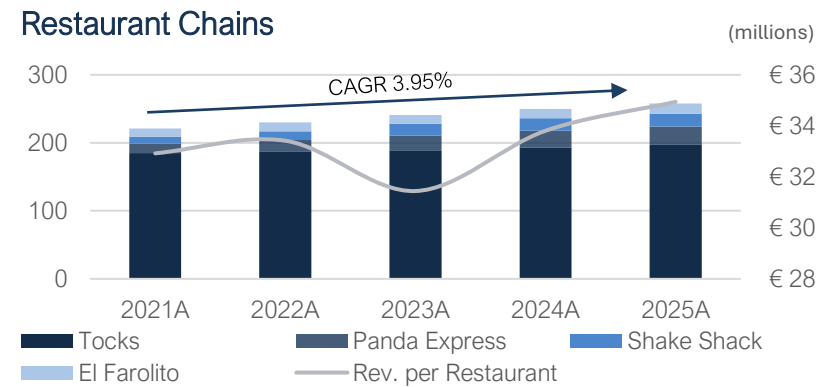
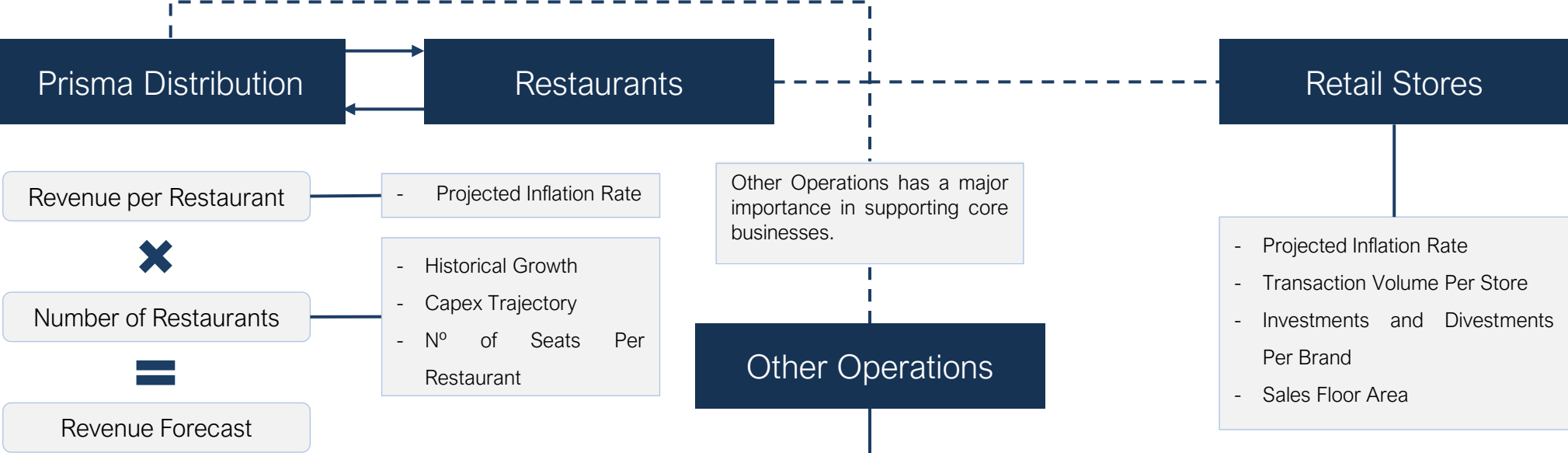


The acquisition of Grupo Gigante is financed through a combination of **sponsor equity** and a **multi-tranche debt structure** designed to balance cost, liquidity, and deleveraging. Total debt at entry amounts to approximately **MXN 22.2BN**, including a *MXN 15.2BN* senior bank loan priced at 7.9% with an 8 year maturity, a *MXN 450m* revolving credit facility, priced at 8.75%. provides liquidity support and remains largely undrawn. The structure is complemented by *MXN 6.5BN* of senior notes priced at 30%.

Sources



Operating Model & Key Assumptions

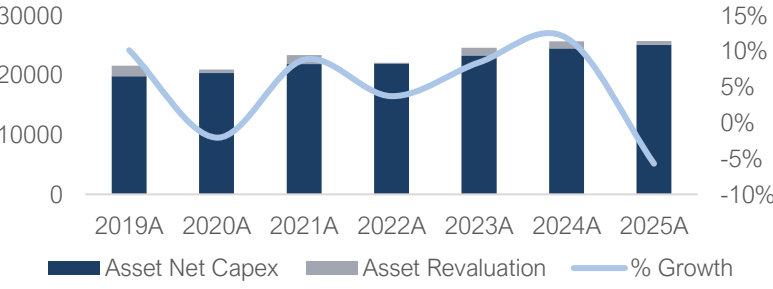


Other Operations

Real Estate

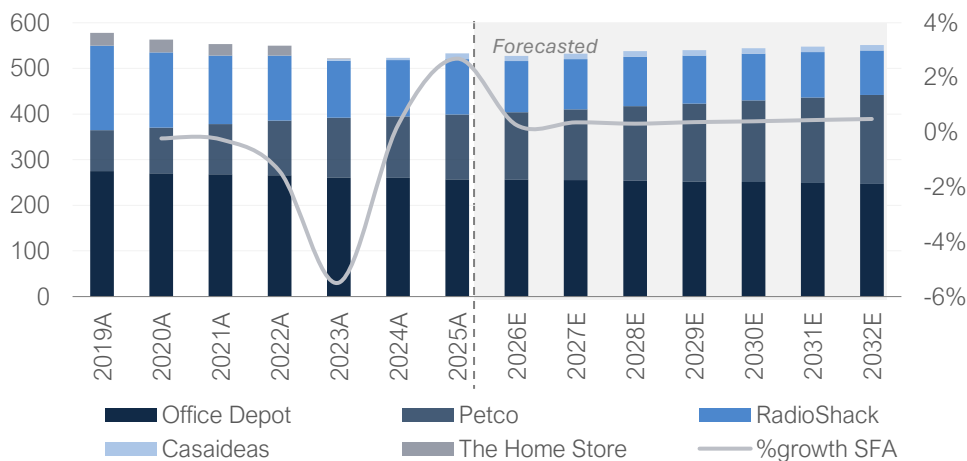
- Capex Trajectory
- Correction for Asset Revaluation
- Projected Inflation Rate
- Historical Growth

Overview of Asset Structure and Revenue Growth of RE Segment



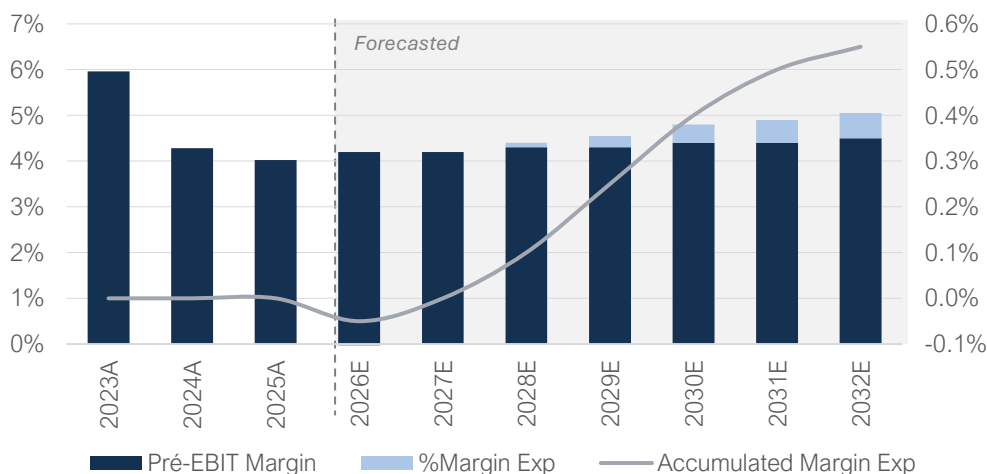
Financial Projections – Retail Stores

N° of Stores per Brand and % Growth of SFA



By assessing the average square footage per brand, we calculated the average store size, which has remained historically stable. We then projected the **Sales Floor Area (SFA)** for the coming years, following this historical trajectory. This allowed us to forecast future SFA with greater accuracy while maintaining key performance indicators (KPIs). By comparing the valuation of this growth against Capex levels relative to revenue – as a means of evaluating store expansion sustainability – we projected a store count **CAGR of 0.93%**. This represents a positive inflection point compared to the historical **CAGR of -1.34%** over the past six years. Revenue forecasts were then generated by multiplying the projected number of stores by the average revenue per unit, adjusted for inflation.

EBIT Margin Expansion

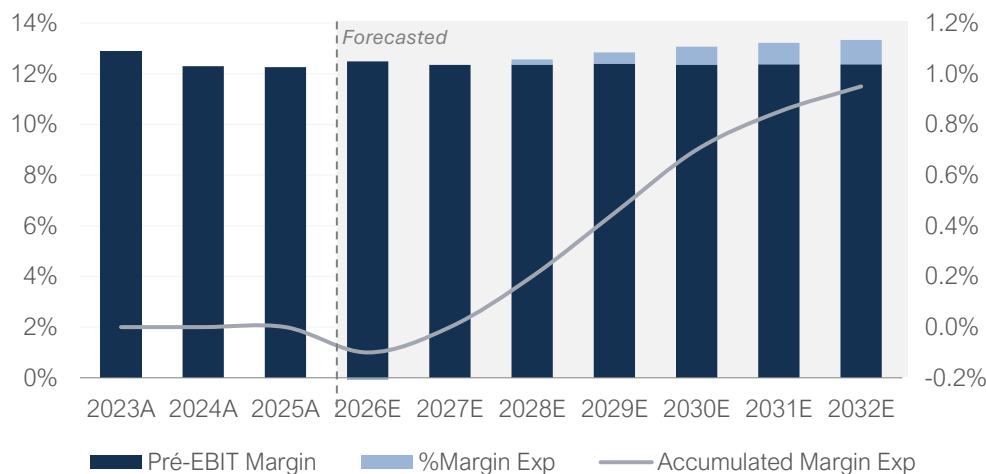


Regarding the EBIT margin, we anticipate an expansion of up to **0.6%** by the end of the investment horizon. This will be driven by the implementation of advanced inventory management techniques, such as **Radio Frequency Identification (RFID)**, the adoption of AI-powered logistics for route optimization, and the reduction of back-office overhead through the automation of repetitive tasks. Although the implementation phase may initially weigh on the EBIT margin, we expect these technological gains and operational efficiencies to yield significant returns throughout the forecast period.

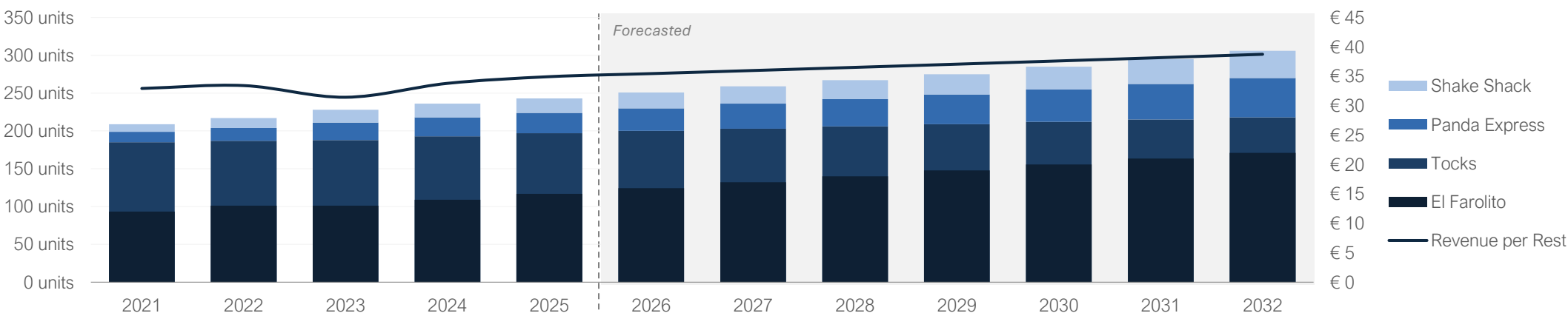
Financial Projections - Restaurants

While all restaurant chains within the group show consistent growth in store count (3.95% CAGR), two display a stronger expansion momentum: **Panda Express (17.84% CAGR)** and **Shake Shack (17.41% CAGR)**. By modeling these growth patterns and converging the growth of high-growth chains toward the historical rates of the more consolidated businesses in Gigante’s portfolio – while adjusting revenue per restaurant by projected inflation – the combined net revenue is projected to grow by an average of **6.59% per year**. Meanwhile, the EBIT margin is expected to remain consistent with historical averages, while Capex forecasts reflect the aggressive expansion currently underway, holding at 5.8% throughout the forecast period. Additionally, the implementation of batch traceability, combined with supplier renegotiations and new AI-driven logistics and operational efficiency solutions – such as **StockIQ** and **Oracle Transportation Management** – is expected to expand Gigante’s EBIT margin without requiring further Capex increases.

EBIT Margin Expansion



Nº Restaurants & Revenue per Restaurant

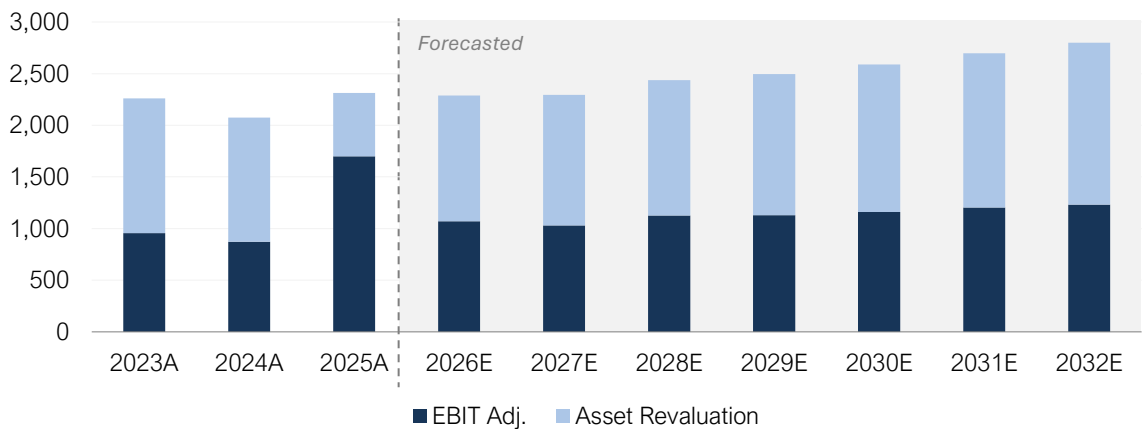


Financial Projections – Real Estate

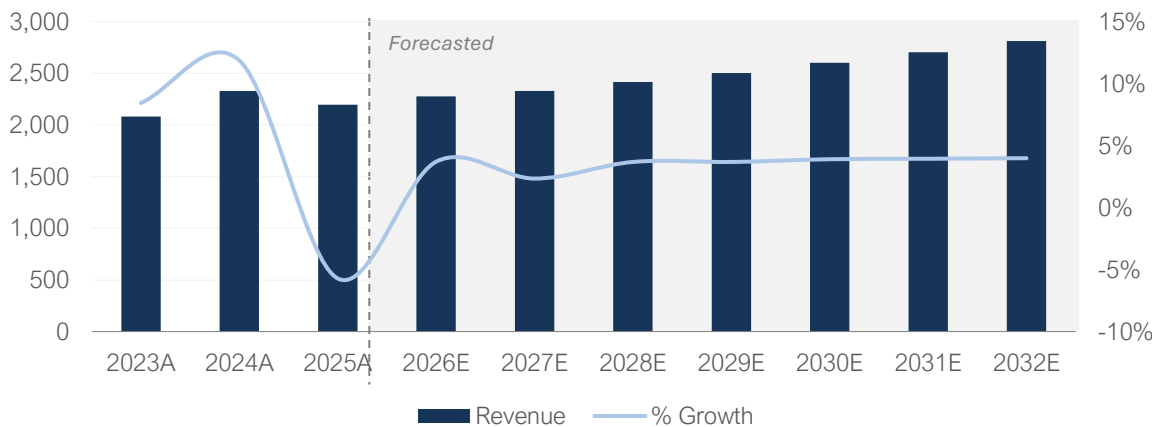
Real Estate has been a primary driver of Gigante's performance, representing approximately **63.26%** of the group's consolidated EBIT – and nearly **37%** when excluding asset revaluation. Historically, revenue growth in this segment has been closely correlated with inflation and prior-year performance. Consequently, our financial projections incorporate expected inflation and historical growth rates, while maintaining Capex levels at approximately 18.07% of revenue, consistent with the levels that supported the segment's historical 5.03% growth.

Furthermore, high-interest rate shocks and geopolitical uncertainty have been factored into our revenue projections. As a result, the forecasted revenue **CAGR stands at 3.59%** for the coming years, coupled with a modest EBIT margin expansion following the acquisition. We anticipate that ongoing automation processes and the renegotiation of lease terms will allow Gigante to **expand its margin by 1%** by the end of the investment horizon. This projection is supported by the integration timeline, historical performance, and peer benchmarking.

Asset Revaluation Effect on EBIT



Revenue



Financial Projections – Prisma Distribution and Others

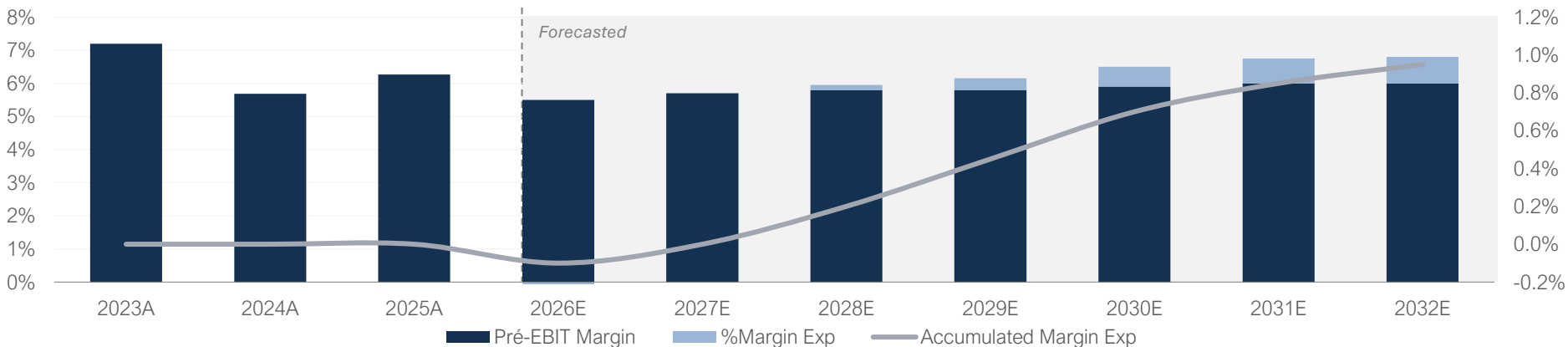
Prisma Distributions

Prisma, a food distribution company, is projected to grow in alignment with the restaurant segment, given its role as a complementary business to the group’s portfolio. We forecast a **CAGR of 5.04%** for the period – slightly below historical levels. By sustaining current technological initiatives and further implementing integration solutions to optimize logistics and delivery times, we estimate a **margin expansion of 0.8%** by the end of the investment horizon. This includes an initial **10-basis point (0.1%) contraction** in the EBIT margin during the transition phase, followed by the aforementioned gains, reaching **6.80% by 2032**. Excluding the impact of COVID-19, the EBIT margin has shown a consistent upward trend due to increased sales volume and operational system upgrades, currently standing at **6.26%**.

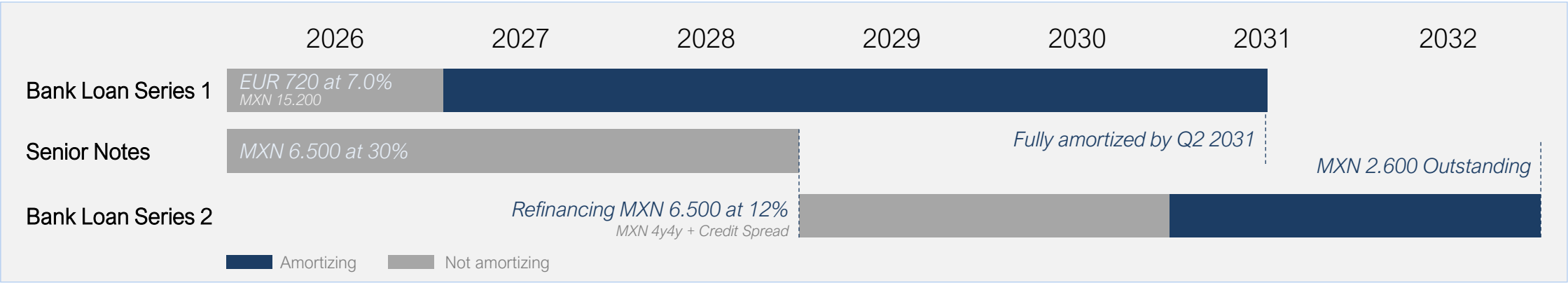
Prisma Distributions

The 'Others' segment comprises ancillary businesses that complement main operations, such as miscellaneous investments, support services, and parking facilities. While these activities **often incur operational losses**, they remain essential for **sustaining growth across core business segments**. However, the recent expansion of these losses has outpaced overall revenue growth, which we attribute to inefficiencies resulting from the **rapid scale-up** of the restaurant division and **lingering pandemic-related headwinds** in the retail sector. Through strategic reorganization and the application of operational know-how, we anticipate a substantial reduction in these losses while ensuring the continued support and growth of our core business units.

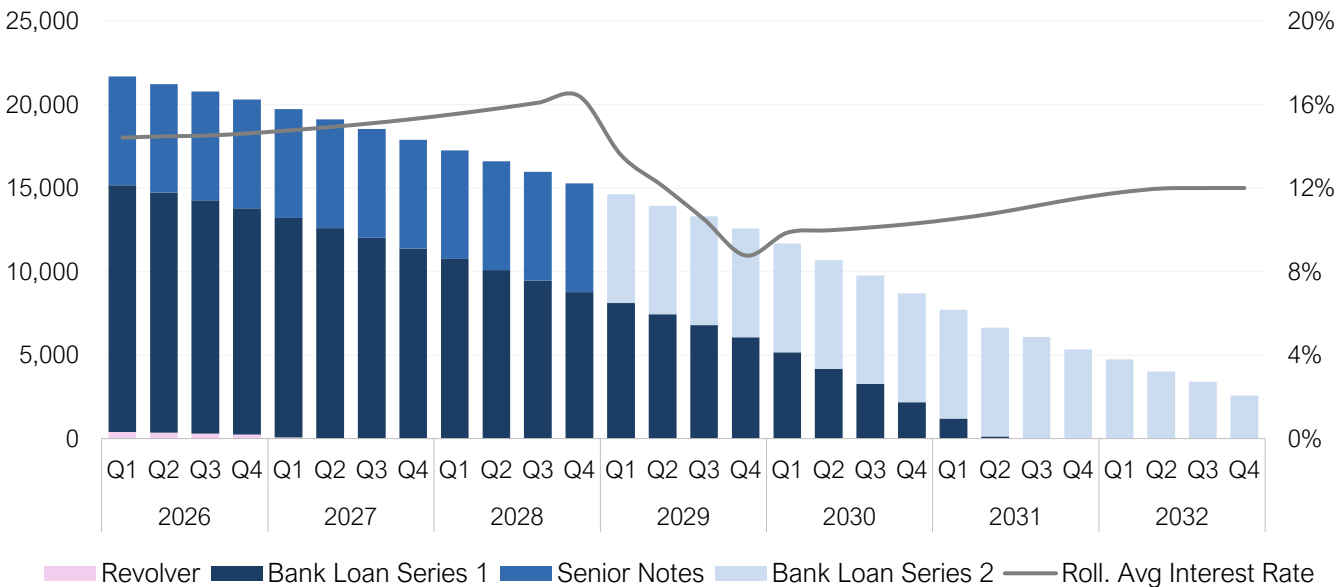
Prisma Distribution - EBIT Margin Expansion



Financial Projections – Debt



Debt Balance Evolution

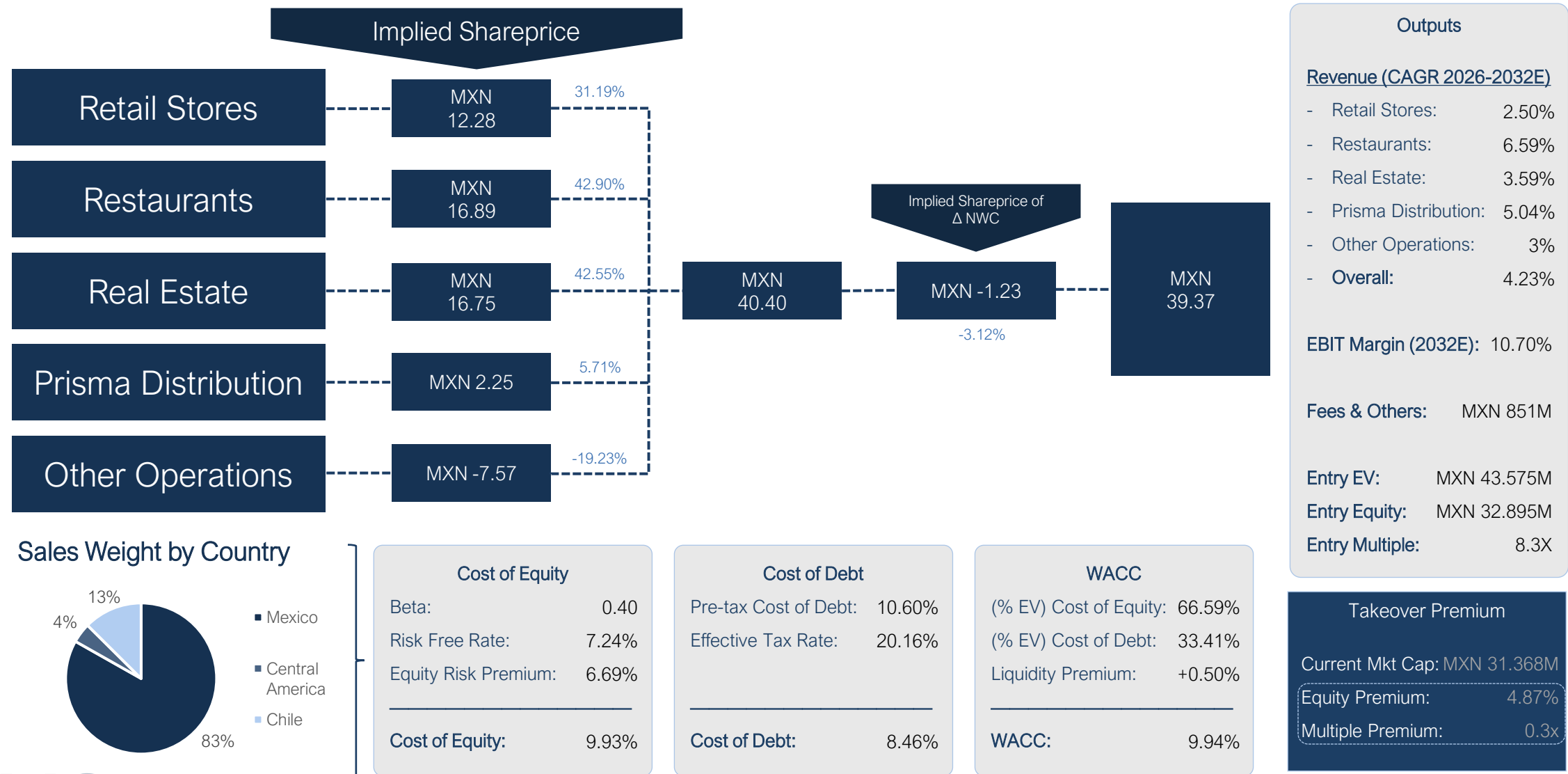


51% of the Acquisition is financed through debt:

- 1% through a MXN 450MN revolving credit facility at 8.75%
- 35% through international bank loans denominated in EUR at 7.9%
- 15% through private credit (senior notes) at 2.5% per month (30% annually).

Following repayment of first-lien debt. and once sufficient debt capacity is available, the company refinances the senior notes into bank loans at 12% per annum, materially reducing interest costs.

Valuation



Sales Weight by Country

13%

4%

83%

Mexico

Central America

Chile

Cost of Equity

Beta: 0.40

Risk Free Rate: 7.24%

Equity Risk Premium: 6.69%

Cost of Equity: 9.93%

Cost of Debt

Pre-tax Cost of Debt: 10.60%

Effective Tax Rate: 20.16%

Cost of Debt: 8.46%

WACC

(% EV) Cost of Equity: 66.59%

(% EV) Cost of Debt: 33.41%

Liquidity Premium: +0.50%

WACC: 9.94%

Sensitivities & Scenarios

Bear Case		Base Case		Bull Case	
EBITDA Margin	14.36%	EBITDA Margin	18.36%	EBITDA Margin	22.36%
Entry Multiple	8.3x	Entry Multiple	8.3x	Entry Multiple	8.3x
Exit Multiple	8.0x	Exit Multiple	9.0x	Exit Multiple	10.0x
MOIC	2.5x	MOIC	3.2x	MOIC	4.6x
IRR	14.0%	IRR	18.3%	IRR	24.4%

Sensitivity:
IRR by Exit Year & Multiple

	7.0x	8.0x	9.0x	10.0x	11.0x
2029	10.2%	15.3%	19.8%	23.9%	27.6%
2030	12.7%	16.4%	19.6%	22.6%	25.2%
2031	13.7%	16.5%	19.0%	21.3%	23.3%
2032	14.0%	16.2%	18.3%	20.1%	21.7%

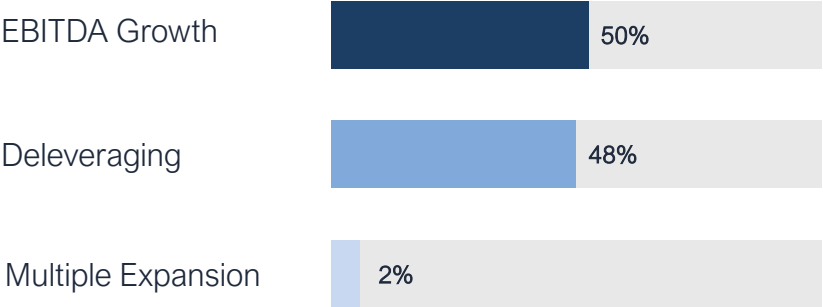
LBO & Return Analysis

MOIC **3.2x**
Base Case 2032

IRR **18.3%**
Base Case 2032

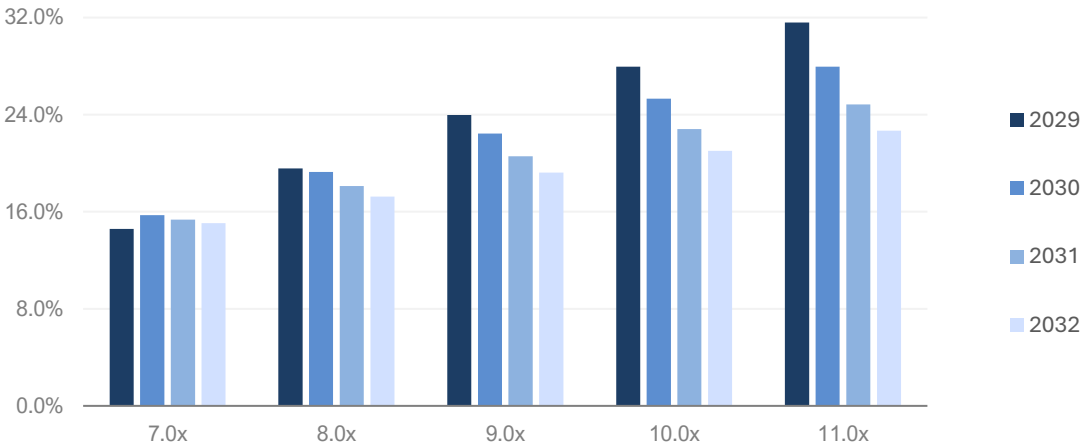
Entry Multiple **8.3x**
EV / EBITDA

Return Attribution



EBITDA Growth	23.097
Multiple Expansion	1.093
Deleveraging	22.255
Total Value Created	46.445

IRR



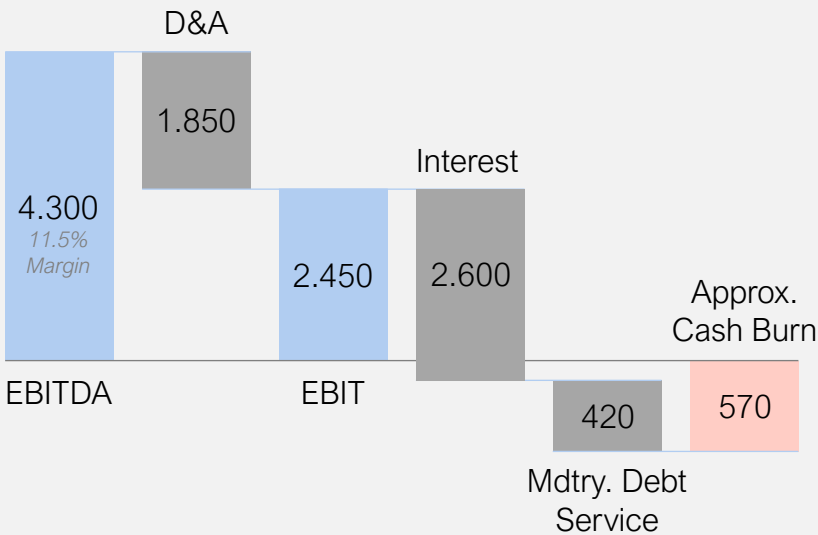
Exit Assumptions (Base Case)

EBITDA at Exit (2032)	8.463
Net Debt at Exit	1.192
Sponsor Equity at Entry	23.186

Risk Assessment

Major Risk: EBITDA Compression

1st Year Downside Scenario



A compression of 4.5% pps in the EBITDA Margin or 25% in the total revenue compared to FY2025 would **end up burning ~80% of the cash balance**. Such events would trigger immediate capital call, greatly impacting returns.

Refinance Execution Risk

Refinancing execution at Q1 2029. Notes (5.300 MXN mm at 30%) are modeled to roll into senior bank debt at 12% at Q1 2029. Refi pricing is immaterial: rating-implied spread (BB. ~9.6%) adds only +0.07pp IRR versus the model's 12%. **Refi execution is the risk:** if MXN HY markets are dislocated at that window. notes stay at 30% through exit, **draining ~1.800 mm of pre-tax FCF over Y4–Y7** and compressing IRR by ~–0.5pp. Mitigants: revolver buffer, RE monetization optionality, early refi window flexibility from Y3 if ICR improves ahead of plan.

Pre-refi fixed-charge headroom (Y1-Y3)

Year	Lev FCF	Fixed obligations*	Cushion
Y1 (2026)	657	~3.200	thin
Y2 (2027)	1.327	~3.000	thin
Y3 (2028)	1.522	~2.800	moderate
Y4 (2029)	2.326	~1.400	comfortable
Y5+	2.766+	declining	wide

**Interest + mandatory amortization + capex + min cash maintenance*

FX Analysis

Key Findings:

Base case returns:

MOIC: 3.2x IRR:
18.3%

FX exposure is material:

+10% EUR/MXN →
IRR ↓ ~120–150
bps

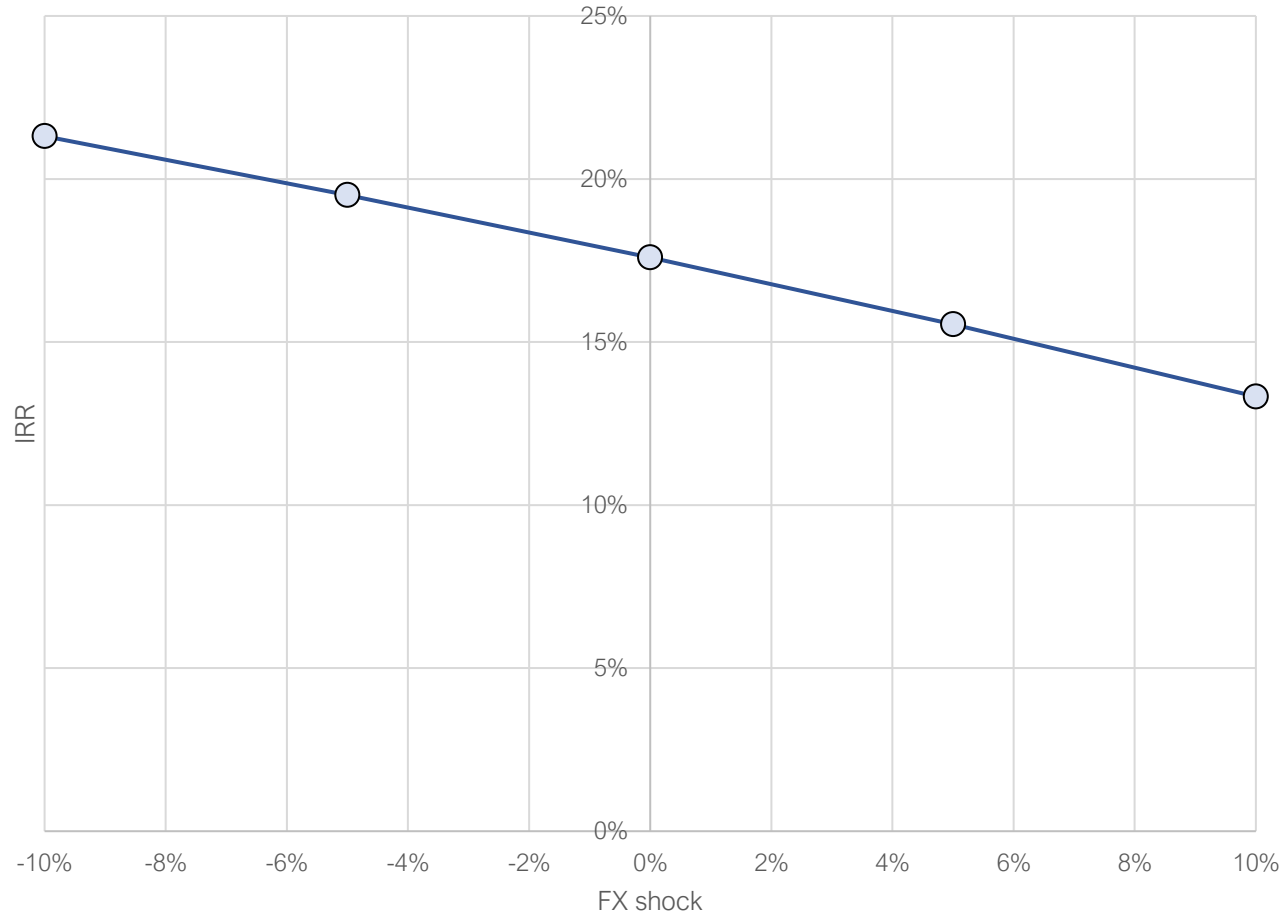
Operating impact:

FX vs EBITDA
margin correlation:
-0.43
~80 bps margin
compression per
+1.0 FX move

Exit FX (2030):

21.1 all-in

IRR Sensitivity to EUR/MXN FX Movements



Recommendation:

Hedge **70–80% of EUR debt service** (next 24 months)

Use **layered forwards** as primary instrument

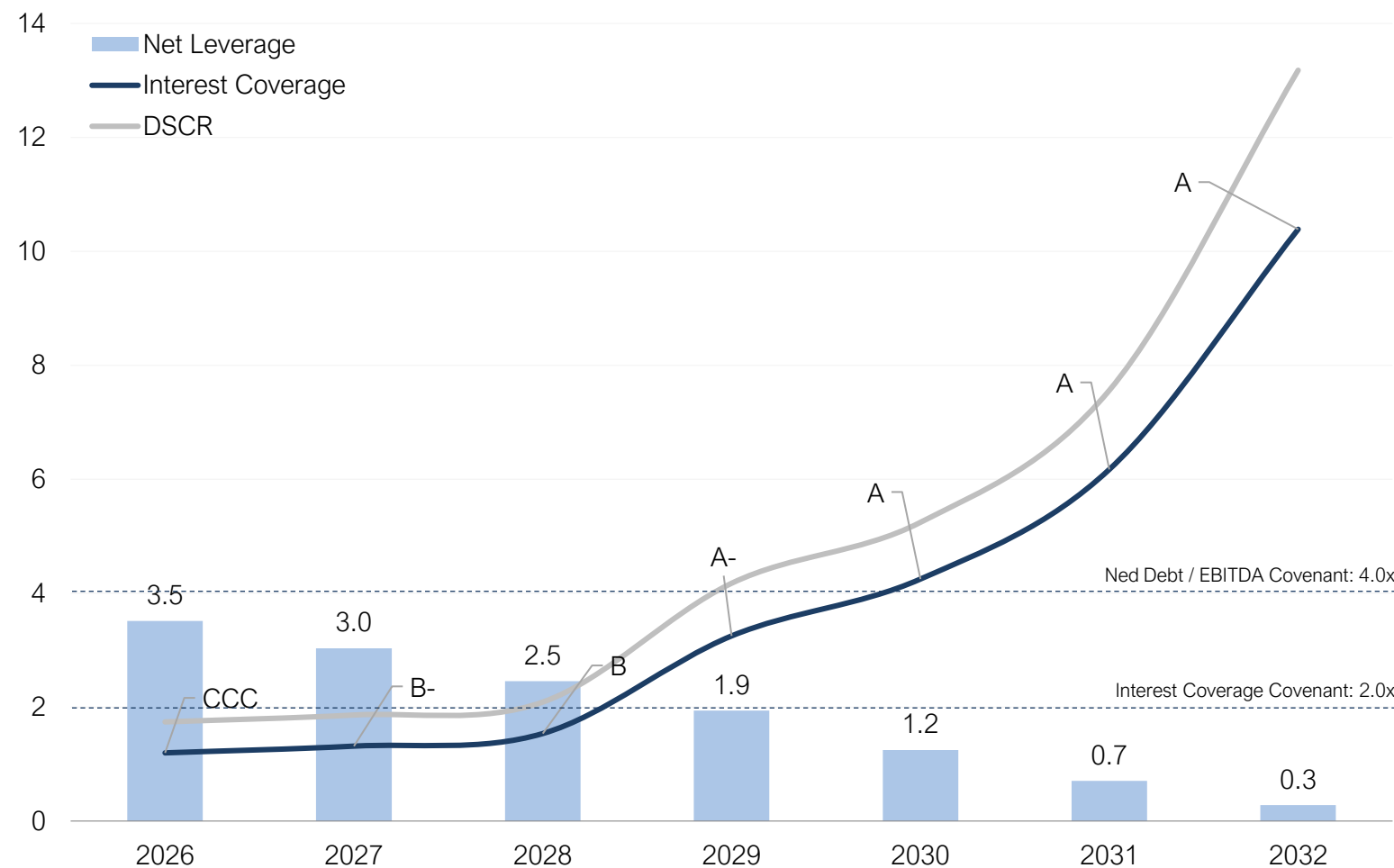
Use **collars for remaining 20–30%** if upside is desired

Avoid full cross-currency swap unless strategic FX repositioning

FX risk materially impacts returns through both debt servicing and operating margins; a **partial forward hedging strategy** provides downside protection with acceptable cost.

Debt & Credit Analysis

Credit Ratios Evolution



Pre-LBO Snapshot (2025 FY)

B+

Synthetic Credit Rating

1.86x

Net Leverage

Post-LBO Rating (at exit)

A

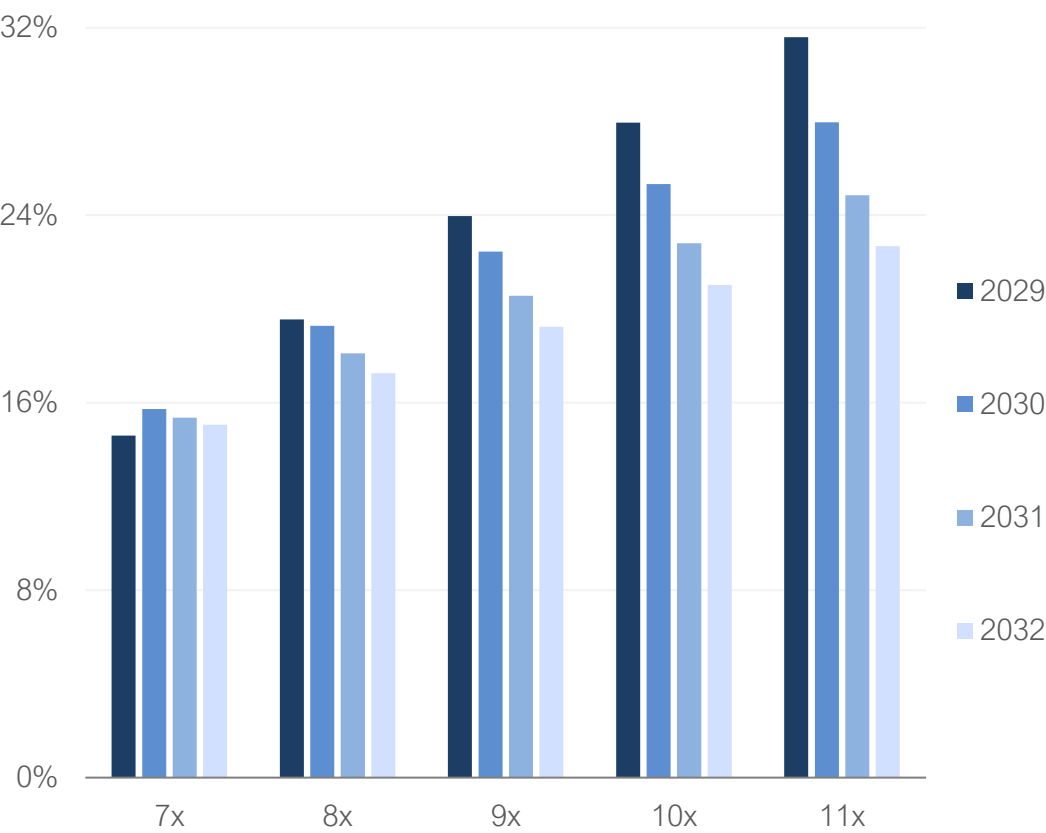
Stable rating profile achieved.
Capped 2 ratings above Mexican BBB rating

0.3x

Net Leverage

Exit Analysis

IRR



Exit Assumptions (Base Case)

EBITDA at Exit (2032)	8.463
Net Debt at Exit	1.192
Sponsor Equity at Entry	23.186

#	Exit strategy	Category	Period
1	Strategic Sale	Most likely	2029–31
2	SOTP Carve-Out	Highest Value	2028–31
3	BMV IPO	High Upside	2030–31
4	Secondary Buyout	Reliable Floor	2031–32
5	Dividend Recap	Bridge Option	2027–29

Exit Scenarios

1 Strategic Sale Most Likely: 2029–31 Target buyers: FEMSA (restaurant + distribution overlap), Fibra Uno / Danhos (RE assets), or Central American conglomerate seeking MX footprint. A-rated credit at exit (0.3x net leverage) makes debt assumption straightforward. Exit before Bank Loan 2 EUR maturity reduces buyer FX complexity. SOTP: RE (43%) + Restaurants (43%) are the value drivers, a diversified strategic captures full synergy premium above 9.0x exit multiple.	2 SOTP Carve-Out Highest Value: 2028–31 RE segment (MXN 16.75/sh. 42.6%) sold to a FIBRA at cap-rate pricing, likely commands premium vs. conglomerate discount at 8.8x. Restaurants (MXN 16.89/sh. 42.9%) sold to Alsea or Arcos Dorados. Retail + Prisma Distribution core exits or IPOs separately. Wind down 'Other Operations' (-19% MXN -7.57/sh) by 2027–28 to clean up the story before any sale process.	3 BMV IPO High Upside: 2030–31 Credit re-rating from B+ (entry) to A (exit) is the core IPO narrative. Net leverage of 1.2x by 2030 is investable for Afores. Revenue CAGR 4.23% overall. 6.59% restaurants. supports growth equity story. Float ~25–30%; sponsor exits via secondaries over 18 months. Critical risk: every +10% EUR/MXN shock = -120–150bps IRR. Ensure full hedge is in place before roadshow.	4 Secondary Buyout Reliable Floor: 2031–32 A-rated credit at 0.3x leverage gives new sponsor 3–4x re-leveraging capacity (~MXN 21–28B debt headroom). Fastest execution. Central America (13%) + Chile (4%) exposure offers geographic roll-up story. Prisma Distribution adds logistics angle. Likely priced at 8.0–8.5x vs. 9.0x strategic, lower multiple. but certainty of close with no FX or market dependency.	5 Dividend Recap Bridge Option: 2027–29 By Q4 2029: net leverage 1.9x. interest coverage 4x + credit sweet spot for a re-fi. Senior Notes fully repaid by Q2 2031. Re-lever to ~3x to return MXN 10–12B to LPs without breaching 4.0x net debt/EBITDA covenant. Does not require a market window. Bridges to any of the above exit paths by 2031–32. Best used if EUR/MXN conditions are unfavorable at target exit date.
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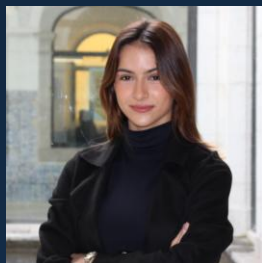
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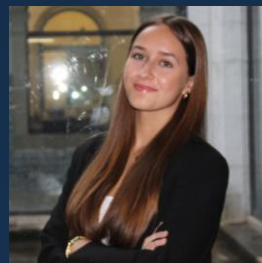
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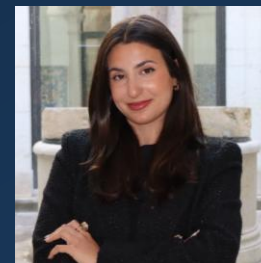
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