

## WALMEX DAY 2021 – Central America



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### FLAVIO COTINI:

Good morning, I am Flavio Cotini, CEO of Walmart Central America.

Today, I will talk to you about our operation in Central America, and I would like to divide my presentation into two chapters:

First, I will talk about the results we reached within the challenging context of last year.

Second, I will share with you how we are preparing to serve our customers, drive sales growth, expand faster, and achieve greater cost and capital efficiencies; all this supported by the simplification of our company and our mission: We save people money and help them live better.



The pandemic has been like an endurance race, a marathon, in which we had to be resilient and capable of capitalizing on opportunities in the region.

In this long-distance race we focused on building trust with our customers, associates, suppliers, and communities in which we operate. In order to achieve so, we implemented several measures to take care of our customers and associates; for example, before having the first cases of COVID-19 in Central America, we leveraged lessons learnt from Mexico and our operations in other markets that were already being affected, and implemented strict prevention protocols, to look after our

customers and associates, which were recognized as best practices in the sector.

We also used our scale to help affected communities by donating 343 tons of water and food.

The trust we managed to build, as well as our broad presence in the region, were key to navigate this challenging environment and to deliver our results.



With this in mind, we started from a fundamental fact: with significantly affected purchasing power, our customers are even more focused on buying essential products.

We understood the needs of our customers and, as a result, we adjusted our commercial offer with focus on essential products of all categories, as well as solutions to help our customers adapt to the pandemic, for example, products that enable home office or that allow them to exercise.

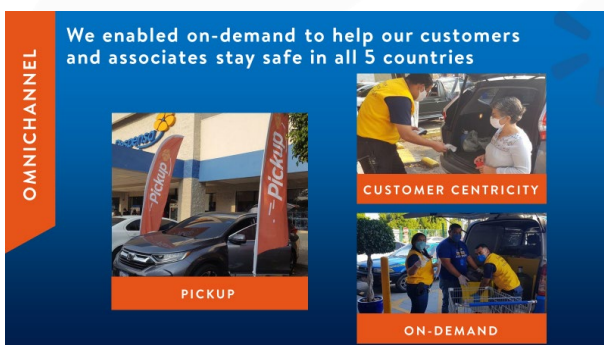
Always with our customers at the center of all our decisions, we adjusted our commercial activities to make them last longer and allow our customers to benefit the most from each one of them, while promoting social distancing protocols.



Likewise, it became essential to accelerate productivity and efficiency initiatives to continue investing in our customers' value proposition.

One of them was the implementation of over 600 Self-scan stations in more than 160 stores, where up to 20% of the transactions are going through, improving productivity and customer experience and also promoting a contactless environment, which is much safer.

On the other hand, we continued to work with our suppliers to increase the number of retail ready packaging products, generating more productivity at the point of sale and reducing product handling.



In the middle of this marathon the pandemic has symbolized, we never lost sight of the fact that many of our customers, due to health restrictions, needed other options to do their shopping.

We turned the challenge into an opportunity and enabled on-demand and pickup to continue providing an essential service, now online.

Our omnichannel proposal has been well received. Just to give you an idea of the potential, eCommerce sales already represent 1% of total sales, and in some stores, the penetration has reached 20% of the total sales.

We opened new **Discount** and **Bodega** stores to be even closer to our customers



Amid economic uncertainty, we continued to invest in the region and took our EDLP proposal to more families in Central America, opening 19 new stores, under strict sanitary protocols.

We also outpaced the market, increasing our share by +200 bps

Total Market Share measured by Nielsen (%)



Source: Nielsen Report 2020 (January - December)  
Bps = basis points

As a result of all these initiatives, our proposal and our customers' loyalty, we managed to increase our market share in almost all the countries. At the regional level, we grew our market share by more than 200 basis points.

We were able to leverage expenses despite COVID-19 related costs

SG&A as % Total Revenues

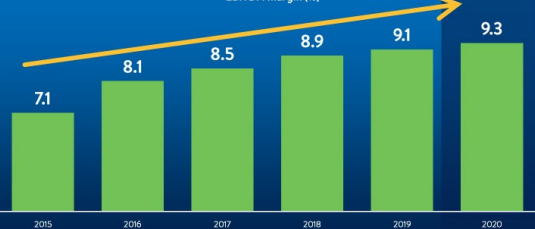


Bps = basis points

Despite the incremental costs associated with the pandemic, we continued our efforts to simplify and improve the productivity and efficiency of our operation, promoting EDLC that allowed us to leverage expenses by 10 bps vs. last year.

And we keep improving our profitability year over year

EBITDA margin (%)



The efficiency generated in the operation has allowed us to increase our price gap, serve our customers and keep improving our profitability year over year.

Sustainable expense leverage enabled an EBITDA margin increase of 220 bps in 5 years.

Our focus will remain consistent:

Keep our **customers**  
and **associates**  
at the **center**  
of all our **decisions**



So far, we have talked about our actions and results of 2020, now I would like to talk to you about our plans going forward.

Our priority remains consistent: keep our customers and associates at the center of all our decisions.

Our strategy is based on 2 pillars:



Therefore, our strategy going forward will focus on two pillars:

The first will be to continue to grow with the Bodega and Discount formats, through our EDLP value proposition and new stores. We will continue to enhance our fresh offering, increase our Private Brands penetration, and improve our price perception.

The second pillar will be to continue simplifying our business to offer a simple and fast shopping experience to our customers which is also simpler to operate for our associates, translating into cost reduction.

#### Main takeaways

- We will keep our **Customers & Associates** at the center of all our decisions
- We will focus on **Bodega & Discount** formats
- We will continue to **simplify our business** based on **EDLC** to keep delivering profitable growth

Thanks for joining us today, and before I leave you with Pilar to start our Q&A session, I would like to close today's presentation with these takeaways:

- Our customers and associates are our priority and we will keep them at the center of all our decisions.
- Going forward, we will continue to focus on the Bodega and Discount formats and,
- We will continue to simplify our business based on EDLC to keep serving our customers through our value proposition and enabling an even more profitable growth.

Now let's go back to Pilar, thank you.