
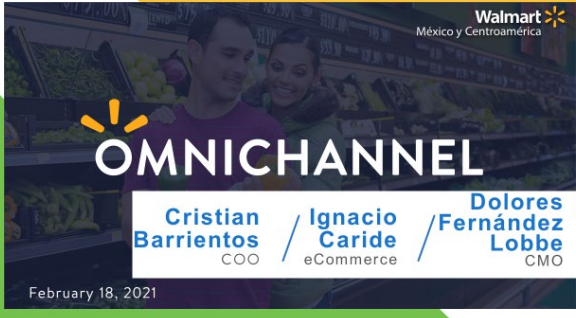


## WALMEX DAY 2021 - Omnichannel

	
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	<p><b>CRISTIAN BARRIENTOS</b></p> <p>Thank you Gui and good morning for everyone. 2020 was an unprecedented year for our customers, members and associates.</p>
	<p>Before the crisis, we were already seeing an adoption of pickup and home delivery services in our formats, and the COVID-19 pandemic significantly accelerated this change retail industry was undergoing.</p> <p>We experienced radical changes in shopping habits, which accelerated our omnichannel business.</p> <p>During the first month of contingency, the number of orders we received tripled, which challenged us to build capacity and to accelerate the implementation of our strategy.</p> <p>The investments we made in the past and the operating model we developed allowed us to respond quickly and to provide an essential service to Mexican families in this new normality.</p>

Let us tell you everything we did.

## IGNACIO CARIDE

In order to meet the expectations and needs of our customers, in on-demand, **we increased by 40% the number of slots** available for delivery or store pickup, we hired **+2,700 pickers** and **doubled the capacity of the last mile**. We also adjusted our Apps and websites to give special attention **to vulnerable people**.

In addition to these immediate response actions, we accelerated several projects.

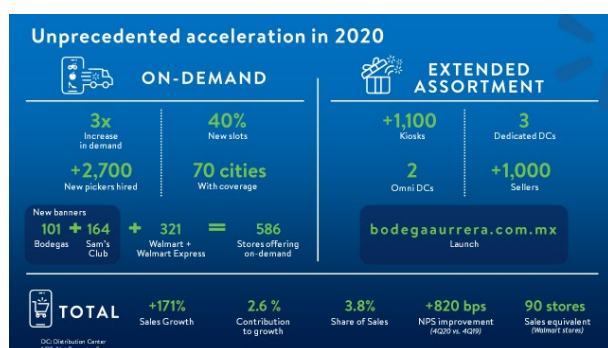
- We launched **Home Delivery Service** in 265 **Sam's Club** and **Bodega Aurrera** units; and accelerated the implementation of this service in about 60 Walmart and Superama stores. Doing so, we double our ability to deliver thousands of items, on the same day, from our stores. We already have 586 units in 70 cities providing this service.
- Another initiative we accelerated was our **Crowdsourcing** model for picking and delivering in nearly 30 stores. This decision helped us serve our customers in a seamless way during the high demand generated by the contingency.

We also made great progress on **extended assortment**.

- First, in order to give access to a digital offer to a large part of the population in Mexico, we launched the **bodegaaurrera.com.mx** website with our General Merchandise catalog and reached more than 1,100 kiosks. This has been very well received by customers as the average ticket is almost 8 times higher than in the store.
- Second, we upgraded our Marketplace technology, and by doing so, we were able to increase 8 times the number of products available, enabled by more than a thousand sellers.
- Finally, we managed to expand the coverage of our logistics network with a new fulfillment center dedicated to eCommerce and two new omnichannel distribution centers. Altogether, we have **5 distribution centers** from which we operate our extended assortment.

With these new omnichannel solutions, we managed to maintain record service levels at the most important online events of the year, which are Hot Sale and El Fin Irresistible, despite the increase in demand.

In relation to **payments**, our conversion rates increased by 200 bps thanks to the investment in Machine Learning technology and a close collaboration with the country's main financial institutions.



	<p>And speaking of <b>talent</b>, a very important milestone of which we are very proud, is the incorporation of 45 associates with disabilities in our Call Center, who work remotely from home. These associates account for 9% of the total team. Our aspiration is that at least 80% of our new hires are people with disabilities.</p> <p>As you can see, we made good progress in 2020, and we managed to <b>grow 171% online sales</b>, which is equivalent to <b>growing 2.5 times vs 2019</b>.</p> <p><b>eCommerce accounted for almost 4% of our total sales in Mexico, something we didn't think would happen soon.</b></p> <p>Importantly, as we accelerated growth, we also implemented several actions that enabled us to improve profitability and build a healthier business.</p>
 <p>A constant journey to become even more customer-centric</p>	<p><b>DOLORES FERNÁNDEZ LOBBE</b></p> <p>But this is just the beginning...</p> <p>eCommerce's share in Mexico, even after the pandemic, is 6%... way below countries with more mature operations, so much remains to be done.</p> <p>We need to continue listening to our customers and solving the main pain points they have during their shopping experience.</p> <p>In this regard, we are leveraging the transformation that we started two years ago to continue working in a collaborative, agile and data-driven way, through all the areas that support shopping experience: <b>eCommerce, Merchandising, Operations, Financial Solutions and Logistics</b>, among others.</p>
 <p>OMNICHANNEL</p> <p>To become the <b>leading omnichannel retailer</b> in Mexico</p>	<p>Our ambition is to become the leading omnichannel retailer in Mexico.</p> <p>Our goal is for omni to reach a <b>double-digit share in our business by 2024</b>.</p> <p>As Gui mentioned, to achieve this ambition we will focus on three pillars:</p> <ol style="list-style-type: none"> <li><b>1. Strengthening our On Demand strategy</b></li> <li><b>2. Accelerating Extended Assortment</b></li> <li><b>3. Investing aggressively in three of the growth catalysts: Technology, Logistics and Talent</b></li> </ol> <p>During the presentation, we will go into more detail for each of these three pillars...</p>



## CRISTIAN BARRIENTOS

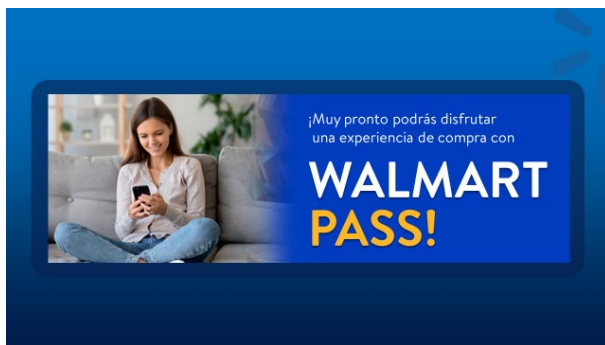
We will start with on-demand...

As Gui mentioned, a few years ago we decided to change the focus of our strategy to further leverage our stores and everything around them, so that we could bring **an appealing value proposition to our customers and members.**

So we created the **on-demand strategy**, which has been very well received by our customers and has been the vehicle to win the shopping frequency.

On-demand is a key element of our omnichannel strategy and we will continue to strengthen this service from **four fronts**;

- **The first one** is to continue developing actions to further improve the customer experience, that's the reason why we're going to **accelerate and strengthen** our **Crowdsourcing model**, leveraging our Spark technology. This model is very relevant because it gives us the flexibility to serve our customers faster, without sacrificing efficiency. In 2021, we will increase the share of this service by leveraging around 150 Walmart and Walmart Express stores in the highest population density areas of the country's major cities.
- **The second** is to continue **listing thousands of items** to offer with same-day delivery at the lowest prices the huge variety that we already have in our stores today. Imagine being able to receive everything, from pantry items to clothes, toys, a TV or a refrigerator, in just a couple of hours.
- **The third** front is to expand our capacity to offer on-demand service to more Mexican families. In 2021, we will enable this service in more than 270 stores to reach a total of 860 units nationwide. These delivery points add up to our 20 distribution centers to offer thousands of items and a frictionless shopping experience for our customers throughout the republic.




The **fourth**, last but not least, is a project that we are very excited to share with you...

In line with our mission to help Mexican families save money and live better, we created **Walmart Pass**, a subscription program that, within a few months, will allow our Walmart and Walmart Express customers to make unlimited orders with no delivery cost for a monthly or annual fee.

This initiative is the beginning of several benefits that we will be adding in favor of our customers.



	<p><b>Walmart Pass</b> is a great step towards the connection and the bond we want to have with the customer, in order to strengthen their trust in our services.</p> <p>As you can see, we have made a lot of progress in on-demand, but we still have a long way to go... it's very encouraging to see the potential of this business.</p>
 <p>The graphic titled "Accelerate extended assortment" features three panels. The first panel, "OMNI-CATEGORY STRATEGY", shows hands holding a smartphone displaying a Walmart app interface. The second panel, "MARKETPLACE", shows a laptop with a globe and a shopping cart filled with boxes. The third panel, "PICKUP", shows a car parked at a Walmart pickup point with a sign that says "Entregamos Recoge aquí".</p>	<p><b>IGNACIO CARIDE</b></p> <p>Now, let's talk about the extended assortment....</p> <p>When our customers shop online, they look for a wider assortment and differentiated products to meet their needs in different moments of their lives, even more frequently now in this new normality.</p> <p>With on-demand, we lay the foundation for winning in frequency. Through the extended assortment we want to reach more customers with a much larger product offering.</p> <p>We will <b>accelerate</b>, focusing on three key elements:</p> <ul style="list-style-type: none"> <li>• <b>The first one is to strengthen our omnichannel category strategy</b>, which will allow us to know what merchandise our customer is looking for and what is the right channel to serve them with the right price and the level of service they expect. For example, everyday items that our customers want to receive in a matter of hours will be available from our stores, more specialized items that do not require urgent delivery, will move through our own distribution model or through the Marketplace, depending on the extension of the catalog and the rotation of the items.</li> </ul> <p>With this strategy, we will capture various synergies and leverage our stores and logistics network while improving the shopping experience.</p> <ul style="list-style-type: none"> <li>• <b>The second</b> is to expand the assortment and accelerate the seller base on our <b>Marketplace</b>. <b>We will multiply the current offer 5 times</b>, leveraging both domestic and international products and strengthening the brands assortment we offer. To complement, we will build the foundation for the <b>Cross Border model</b>.</li> <li>• <b>The last element</b> that will support the accelerated growth of our extended assortment is the pickup model. You have already heard from us that we have stores 10 minutes away from 85% of the population in the main cities, and this proximity to the customer is a very valuable advantage for our omnichannel strategy. We will try new things, such as the ability to operate Bodega Aurrera Express stores as pickup points and leverage the technology developed at Walmart International, such as customer service tools</li> </ul>

	and mobile check-in, to offer a seamless service.
 <p>The graphic titled "Invest in growth catalysts" features three blue boxes on a dark blue background. The first box contains a circuit icon and the word "TECHNOLOGY". The second box contains a warehouse and truck icon and the word "LOGISTICS". The third box contains a star icon with a person inside and the word "TALENT".</p>	<p><b>DOLORES FERNÁNDEZ LOBBE</b></p> <p><b>The third</b> element to achieve our ambition to be leaders in Omnichannel is to continue investing heavily in <b>Technology, Logistics and Talent</b>.</p> <p>We will continue to <b>invest in technology</b> that <b>improves the shopping experience of our customers</b> both in stores and in our digital channels. In addition, we will continue to improve our internal processes and innovate in solutions, such as product scanning, transport assignment and route optimization, among others, that will allow us to simplify and speed up the way we serve our customers.</p> <p>We will also <b>integrate the ecosystems</b> the team mentioned earlier with our different platforms, so that our customers can make use of all the services in an easy and seamless, later on Blas and Beatriz will tell you how we are connecting the verticals of our ecosystem through solutions like Cashi and BAIT.</p> <p>A great advantage that we have as a global company is that we can leverage and exchange of best practices from other more advanced markets in terms of technology, such as the United States, China, India or Canada, which allows us to implement the best technology in less time.</p> <p><b>CRISTIAN BARRIENTOS</b></p> <p>As Gui mentioned, in the coming years, we will significantly increase our <b>investments in Logistics</b> to accelerate omnichannel growth. The redesign of the network is aligned with the category strategy that Ignacio talked about and is a key element to achieve our ambition.</p> <p>To give you an example of the potential we see... Today, moving a large item, for example a lawn mower, from the distribution center in Mexico City to Oaxaca that is more than 450 km away, costs us on average 9 times less than doing so via a courier and we can deliver it 5 days earlier.</p> <p>How will we achieve that? Leveraging our logistics network that visits and delivers over 3 and a half million boxes every day to our stores. We will ship ecommerce orders through our own fleet at the lowest cost. Again, this is how we transfer the benefits of our actions to our customers.</p> <p>We have a great challenge before us, and it requires specific skills and a growth mindset. We are training <b>our people</b> to deal with this new challenge.</p>

#### Main takeaways

1. We have the ambition to **lead in omnichannel**
2. We will continue to **strengthen on-demand** and at the same time **accelerate extended assortment**
3. We are going to **invest in growth catalysts**: technology, logistics and talent

#### IGNACIO CARIDE

In conclusion, we would like to leave you with the main takeaways:

- 1) We have the ambition to lead in omnichannel
- 2) We will continue to strengthen on-demand while accelerating extended assortment
- 3) We will invest in growth catalysts: technology, logistics and talent, that will lead us to fulfill this ambition

Thank you! Now I leave you with Blas Caraballo who is going to introduce you to our Financial Solutions ecosystem.