

Walmart de México y Centroamérica Reports Results for the First Quarter 2019

FREE TRANSLATION, NOT TO THE LETTER

Mexico City, April 25, 2019

Financial Results

Today **Wal-Mart de México, S.A.B. de C.V. (BMV: WALMEX)** reported financial results for the first quarter of 2019. Total revenues increased **4.6%**. EBITDA for the quarter amounted to **\$16.5 billion pesos**, which represented **10.8%** of total revenues, a growth of **14.5%** over last year's levels.

Main figures are:

| Results January – March | 2019 | | 2018 | | Growth |
|---|----------------|-------------|----------------|-------------|-------------|
| | Million \$ | % | Million \$ | % | % |
| Net Sales | 150,534 | | 143,953 | | 4.6 |
| Other Income | 1,200 | | 1,101 | | 8.9 |
| Total Revenues | 151,734 | 100 | 145,054 | 100 | 4.6 |
| Cost of Sales | 117,237 | 77.3 | 111,782 | 77.1 | 4.9 |
| Gross Profit | 34,497 | 22.7 | 33,272 | 22.9 | 3.7 |
| General Expenses | 22,228 | 14.6 | 22,032 | 15.2 | 0.9 |
| Income before Other Income – Net | 12,269 | 8.1 | 11,240 | 7.7 | 9.1 |
| Other Income (Expenses) - Net | 70 | 0.0 | 94 | 0.1 | (25.0) |
| Operating Income | 12,339 | 8.1 | 11,334 | 7.8 | 8.9 |
| Financial Income (Expenses) - Net | (1,002) | (0.7) | (38) | (0.0) | 25.2 T |
| Taxes | 2,673 | 1.8 | 2,947 | 2.0 | (9.3) |
| Net Income | 8,664 | 5.7 | 8,349 | 5.8 | 3.8 |
| EBITDA | 16,462 | 10.8 | 14,378 | 9.9 | 14.5 |
| EPS (in pesos) | 0.496 | | 0.478 | | 3.8 |

EPS= Earnings per share

T=Times

*Not audited

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April 25, 2019



Openings Q1 2019

Mexico: 9 units

- 8 Bodegas Aurrerá
 - 2 Bodegas Aurrerá
 - 1 Mi Bodega
 - 5 Bodegas Aurrerá Express
- 1 Walmart

Central America: 3 units

- 2 Bodegas
- 1 Supermarkets

Installed Capacity

| Sales Area (March 31, 2019) | | | | |
|-----------------------------|------------------|-------------------|-----------------|------------------|
| Format | Mexico | | Central America | |
| | Sq.mt. | Sq.ft. | Sq.mt. | Sq.ft. |
| Bodegas and Discount Stores | 2,802,737 | 30,168,661 | 458,504 | 4,935,337 |
| Walmarts | 2,096,863 | 22,570,633 | 163,153 | 1,756,179 |
| Sam's Clubs | 1,161,934 | 12,507,058 | - | = |
| Supermarkets | 148,116 | 1,594,321 | 134,306 | 1,445,673 |
| Total | 6,209,650 | 66,840,673 | 755,963 | 8,137,189 |

Other Events

In January 2019, **Walmart de México y Centroamérica** was included for the second consecutive year in the Bloomberg Gender Equality Index.

In February 2019, **Walmart de México y Centroamérica** announced the Grand Opening of **Walmart** Punto Guadiana in the State of Durango; the most inclusive store in Mexico.

Expansión magazine posted the “100 most powerful women in Mexico” ranking in its March edition, highlighting the female role and its growth in regards with gender equality within the Organizations. Seven Directors and 1 member of the Board of Directors of **Walmart de México y Centroamérica** stood out: Olga González, Senior VP Finance and CFO; Lilia Jaime, Senior VP, Bodega Aurrera; María Guadalupe Morales, VP, Superama; Ivonne Montiel, as VP, Marketing, Customer Insights and Market Intelligence; Carmen Kingston, as VP, Operations for Sam's Club México; Laura García, VP, Merchandising, Consumables, Beauty and Health; Adriana Velázquez, VP, Ethics and Compliance and Blanca Treviño, Board Member.

During this month, **Walmart de México y Centroamérica** was recognized by MERCO (*Monitor Empresarial de Reputación Corporativa*), ranking 3rd. in the “2018 Companies with the best Corporate Responsibility and Governance” list.

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Conference Call

Walmart de México y Centroamérica will hold a webcast today at 3:30 PM (CT), regarding the first quarter 2019 results. Access to the webcast is through the investor relations website www.walmex.mx. You can join the audio only 15 minutes before the conference begins by dialing International: 1 (866) 779-0965 or in Mexico 52 (55) 6722-5257

- For English: Access code 4834 - 0729
- For Spanish: Access code 4834 - 0725

The presentation and the transcript will be available both in English and in Spanish at our website.

Company Description

WALMEX is a Retail Sector company whose shares are traded in the Mexican Stock Exchange since 1977. As of **March 31, 2019**, it operated **3,259** units, broken down as follows:

| 2,446 Mexico | 813 Central America |
|------------------------|---------------------|
| 1,917 Bodegas Aurrerá: | 539 Discount Stores |
| 522 Bodegas | 98 Supermarkets |
| 365 Mi Bodegas | 31 Walmarts |
| 1,030 Bodegas Express | 145 Bodegas |
| 275 Walmarts | |
| 163 Sam's Clubs | |
| 91 Superamas | |

Ticker Symbols

| Mexican Stock Exchange: | Bloomberg: | Reuters: | ADR's sponsored program: |
|-------------------------|------------------------|-----------------------|--------------------------|
| Walmex | Walmex* MM WMMVY US | Walmex.Mx WMMVY.Pk | WMMVY |

Websites

Investor Relations: www.walmex.mx

Corporate: www.walmartmexico.com

From the different formats:

www.walmart.com.mx

www.sams.com.mx

www.superama.com.mx

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Appendix 1: Quarterly Income Statement

(millions of pesos)

(NOT AUDITED)

| | I Quarter | | | | |
|--|---------------|-------------|---------------|-------------|-------------|
| | 2019 | | 2018 | | % of Growth |
| | \$ | % Sales | \$ | % Sales | |
| Net Sales | 150,534 | | 143,953 | | 4.6 |
| Other Revenues | 1,200 | | 1,101 | | 8.9 |
| Total Revenues | 151,734 | 100.0 | 145,054 | 100.0 | 4.6 |
| Cost of Sales | 117,237 | 77.3 | 111,782 | 77.1 | 4.9 |
| Gross Profit | 34,497 | 22.7 | 33,272 | 22.9 | 3.7 |
| General Expenses | 22,228 | 14.6 | 22,032 | 15.2 | 0.9 |
| Income before other income (expenses) - Net | 12,269 | 8.1 | 11,240 | 7.7 | 9.1 |
| Other income (expenses) - Net | 70 | 0.0 | 94 | 0.1 | (25.0) |
| Operating Income | 12,339 | 8.1 | 11,334 | 7.8 | 8.9 |
| Financial (Expenses) Income - Net | (1,002) | (0.7) | (38) | (0.0) | 25.2 t |
| Income before taxes on profits | 11,337 | 7.5 | 11,296 | 7.8 | 0.4 |
| Taxes on profits | 2,673 | 1.8 | 2,947 | 2.0 | (9.3) |
| Net income from continuing operations | 8,664 | 5.7 | 8,349 | 5.8 | 3.8 |
| EBITDA | 16,462 | 10.8 | 14,378 | 9.9 | 14.5 |
| Earnings per share (in pesos) | 0.496 | | 0.478 | | 3.8 |

t=times

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WAL-MART DE MÉXICO, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated Statements of Financial Position

(Amounts in thousands of Mexican pesos)

| | March 31, | |
|--|----------------|----------------|
| | 2019 | 2018 |
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 29,511,695 | \$ 38,829,598 |
| Accounts receivable, net | 11,326,659 | 12,035,029 |
| Inventories | 59,032,787 | 63,344,265 |
| Prepaid expenses and other | 1,209,205 | 1,405,924 |
| Total current assets | 101,080,346 | 115,614,816 |
| Non-current assets: | | |
| Property and equipment, net | 124,840,346 | 126,643,278 |
| Finance leases, net | 47,691,077 | 12,724,731 |
| Investment properties, net | 4,753,828 | 4,853,970 |
| Intangible assets, net | 36,818,732 | 36,997,739 |
| Deferred tax assets | 7,606,681 | 7,467,622 |
| Other non-current assets | 2,152,066 | 2,226,677 |
| Total assets | \$ 324,943,076 | \$ 306,528,833 |
| Liabilities and equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 72,755,196 | \$ 85,327,000 |
| Other accounts payable | 51,314,296 | 27,569,376 |
| Income taxes payable | 1,432,288 | 1,269,116 |
| Total current liabilities | 125,501,780 | 114,165,492 |
| Long-term liabilities: | | |
| Long-term Leases | 48,848,735 | 14,167,265 |
| Other long-term liabilities | 4,804,187 | 5,852,043 |
| Deferred tax liabilities | 5,122,578 | 5,786,932 |
| Employee benefits | 1,585,014 | 1,643,027 |
| Total liabilities | 185,862,294 | 141,614,759 |
| Equity : | | |
| Common stock | 45,468,428 | 45,468,428 |
| Retained earnings | 80,328,181 | 104,638,687 |
| Components of other comprehensive income items | 15,631,167 | 15,918,446 |
| Premium on sale of shares | 4,111,123 | 4,014,804 |
| Employee stock option plan fund | (6,458,117) | (5,126,291) |
| Total equity | 139,080,782 | 164,914,074 |
| Total liabilities and equity | \$ 324,943,076 | \$ 306,528,833 |

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WAL-MART DE MÉXICO, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

(Amounts in thousands of Mexican pesos)

| | For the three-month period ended | |
|---|----------------------------------|----------------|
| | March 31. | |
| | 2019 | 2018 |
| Net sales | \$ 150,533,888 | \$ 143,953,009 |
| Other revenues | 1,199,761 | 1,101,310 |
| Total revenues | 151,733,649 | 145,054,319 |
| Cost of sales | (117,236,562) | (111,781,629) |
| Gross profit | 34,497,087 | 33,272,690 |
| General expenses | (22,228,319) | (22,032,335) |
| Income before other income and expenses | 12,268,768 | 11,240,355 |
| Other income | 236,170 | 182,718 |
| Other expenses | (165,749) | (88,815) |
| Operating income | 12,339,189 | 11,334,258 |
| Financial income | 526,443 | 454,175 |
| Financial expenses | (1,528,707) | (492,409) |
| Income before income taxes | 11,336,925 | 11,296,024 |
| Income taxes | (2,672,980) | (2,947,110) |
| Consolidated net income | \$ 8,663,945 | \$ 8,348,914 |
| Components of other comprehensive income: | | |
| Items that may be reclassified subsequently to profit or loss: | | |
| Cumulative translation adjustment | (295,032) | (5,208,054) |
| Other comprehensive (loss) income | (295,032) | (5,208,054) |
| Comprehensive income | 8,368,913 | 3,140,860 |
| Basic earnings per share (in pesos) | 0.496 | 0.478 |

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WAL-MART DE MÉXICO, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

(Amounts in thousands of Mexican pesos)

| | For the three-month period ended March 31 | |
|---|--|---------------|
| | 2019 | 2018 |
| Operating activities | | |
| Income before income taxes | \$ 11,336,925 | \$ 11,296,024 |
| Items related to investing activities: | | |
| Depreciation and amortization | 4,122,711 | 3,043,605 |
| Loss from disposal of property and equipment and impairment | 473,739 | 25,305 |
| Stock option compensation expense | 76,574 | 81,478 |
| Interest earned | (376,969) | (332,376) |
| Items related to financing activities: | | |
| Interest paid under finance leases | 1,365,207 | 376,493 |
| Cash flow from operating activities | 16,998,187 | 14,490,529 |
| Variances in: | | |
| Accounts receivable | (503,693) | 2,523,137 |
| Inventories | 4,055,653 | 4,178,665 |
| Prepaid expenses and other assets | 155,201 | 162,860 |
| Accounts payable | (12,246,771) | (10,395,818) |
| Other accounts payable | (2,283,987) | (3,970,458) |
| Income tax paid | (3,374,895) | (3,090,927) |
| Employee benefits | (27,874) | (62,945) |
| Net cash flow from operating activities | 2,771,821 | 3,835,043 |
| Investing activities | | |
| Long-lived assets | (3,193,772) | (1,848,838) |
| Interest collected | 376,969 | 332,376 |
| Proceeds from sale of property and equipment | 55,755 | 42,259 |
| Employee stock option plan fund | (1,312,081) | (188,605) |
| Net cash flow (used in) from investing activities | (4,073,129) | (1,662,808) |
| Financing activities | | |
| Dividends paid | (5,706,462) | (2,763,266) |
| Rental payments - principal | (901,223) | (407,496) |
| Rental payments - interest | (998,811) | — |
| Net cash flow used in financing activities | (7,606,496) | (3,170,762) |
| Effect of changes in the value of cash | (410,099) | (659,362) |
| Net decrease in cash and cash equivalents | (9,317,903) | (1,657,889) |
| Cash and cash equivalents at beginning of period | 38,829,598 | 35,596,117 |
| Cash and cash equivalents at end of period | \$ 29,511,695 | \$ 33,938,228 |
| Non cash transactions: | | |
| Capital Leases | \$ 812,374 | \$ 520,531 |

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