

# Walmart de México y Centroamérica Reports Results for the First Quarter 2018

FREE TRANSLATION, NOT TO THE LETTER

Mexico City, April 25<sup>th</sup>, 2018

## Financial Results

Today **Wal-Mart de México, S.A.B. de C.V. (BMV: WALMEX)** reported financial results for the first quarter of 2018. Total revenues increased **9.4%**. EBITDA for the quarter amounted to **\$14.4 billion pesos**, which represented **9.9%** of total revenues, a growth of **12.5%** over last year's levels.

Main figures are:

Results January – March	2018		2017		Growth
	Million \$	%	Million \$	%	%
Net Sales	143,953		131,639		9.4
Other Income	1,101		937		17.6
<b>Total Revenues</b>	<b>145,054</b>	<b>100.0</b>	<b>132,576</b>	<b>100.0</b>	<b>9.4</b>
Cost of Sales	111,841	77.1	102,190	77.1	9.4
<b>Gross Profit</b>	<b>33,213</b>	<b>22.9</b>	<b>30,386</b>	<b>22.9</b>	<b>9.3</b>
General Expenses	21,973	15.1	20,645	15.6	6.4
<b>Income before Other Income - Net</b>	<b>11,240</b>	<b>7.7</b>	<b>9,741</b>	<b>7.3</b>	<b>15.4</b>
Other Income - Net	94	0.1	156	0.1	(39.9)
<b>Operating Income</b>	<b>11,334</b>	<b>7.8</b>	<b>9,897</b>	<b>7.5</b>	<b>14.5</b>
Financial Expenses - Net	(38)	(0.0)	(189)	(0.1)	(79.7)
Taxes	2,947	2.0	2,647	2.0	11.4
<b>Net income from Continuing Op.</b>	<b>8,349</b>	<b>5.8</b>	<b>7,061</b>	<b>5.3</b>	<b>18.2</b>
Discontinued Operations	-	-	69	0.1	(100.0)
<b>Net Income</b>	<b>8,349</b>	<b>5.8</b>	<b>7,130</b>	<b>5.4</b>	<b>17.1</b>
<b>EBITDA</b>	<b>14,378</b>	<b>9.9</b>	<b>12,778</b>	<b>9.6</b>	<b>12.5</b>
EPS (in pesos)	0.478		0.408		17.1

EPS= Earnings per share / Not audited

This document may contain certain references concerning Wal-Mart de México S.A.B. de C.V.'s future performance that should be considered as good faith estimates made by the Company. These references are a reflection of Managements' expectations about the Company and are based upon currently available data. Actual results are always subject to future events, risks and uncertainties, which could materially impact the Company's actual performance.

April 25, 2018



## Openings Q1 2018

### México: 13 units

- 10 Bodegas Aurrerá
  - 1 Bodegas Aurrerá
  - 8 Bodegas Aurrerá Express
  - 1 Mi Bodega
- 2 Walmart
- 1 Sam's Club

### Centroamérica: 9 units

- 5 Discount Stores
- 3 Bodegas
- 1 Supermarket

## Installed Capacity

Sales Area (March 31 <sup>th</sup> , 2018)				
Format	Mexico		Central America	
	Sq.mt.	Sq.ft.	Sq.mt.	Sq.ft.
Bodegas and Discount Stores	2,736,045	29,450,794	440,064	4,736,850
Walmarts	2,087,915	22,474,318	154,495	1,662,984
Sam's Clubs	1,161,451	12,501,856		
Supermarkets	152,514	1,641,661	129,945	1,398,731
Pharmacies	2,665	28,686		
<b>Total</b>	<b>6,140,590</b>	<b>66,097,315</b>	<b>724,504</b>	<b>7,798,565</b>

## Other Events

In January, **Walmart de México y Centroamérica** was included in the Bloomberg Gender- Equality Index, which measures corporate internal statistics and policies, as well as participation and support to the community. **Walmart de México y Centroamérica** is the only retail-sector company in the world that is part of this Index. Composition results regarding labor force, executive positions held by women, and number of women that are part of the Board of Directors outstrips the average of other companies that also belong to such index.

In February, **Walmart de México y Centroamérica** announced the outcome of the third generation of the “Adopta una PyME” (Adopt a SME) program, boosted by the Merchandising and Supplier Development areas. This program is focused on developing and promoting the operating, financial and logistic capacities of SMEs that are currently suppliers of the Company. During 2017, members of this generation managed to increase their sales by 19% vs the previous year. Likewise, the Company presented the fourth generation of “Adopta una PyME”, consisting of 50 enterprises from 14 states across the Country.

This document may contain certain references concerning Wal-Mart de México S.A.B. de C.V.'s future performance that should be considered as good faith estimates made by the Company. These references are a reflection of Managements' expectations about the Company and are based upon currently available data. Actual results are always subject to future events, risks and uncertainties, which could materially impact the Company's actual performance.

April 25, 2018



Participants will be provided with training, advisory services and commercial follow up, during 12 months, in order to increase its productivity, competitiveness and sales.

During this month in El Salvador, **Walmart de México y Centroamérica** launched the first training module of the program “Creando Valor Junto a Nuestras PyMEs Proveedoras” (Creating value, hand in hand with our SME Suppliers), whose objective is to develop and strengthen, jointly with FUNDES International, entrepreneurial and commercial competencies for SMEs. In turn, the program is looking forward to aligning SME operations with the Company’s requirements, thus generating for them a greater business volume and a value chain with broad economic, social and environmental impact. Currently, 25 SMEs from El Salvador are participating.

In March, **Walmart de México y Centroamérica** was recognized for being amongst the “Humanitarian Companies and Business” –September 19, 2017, due to its donation of 20 million pesos to support the impact that Mexico City had because of the earthquake.

### Conference Call

Walmart de México y Centroamérica will hold a webcast today at 3:30 PM (CT), regarding first quarter 2018 results. Access to the webcast is through the investor relations website [www.walmex.mx](http://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 4659 - 3192
- For Spanish: Access code 4659 - 3195

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, 2018**, it operated **3,156** units, broken down as follows:

<b>2,369</b>	<b>Mexico</b>	<b>787</b>	<b>Central America</b>
1,830	Bodegas Aurrerá:	527	Discount Stores
	504 Bodegas	95	Supermarkets
	344 Mi Bodegas	29	Walmarts
	982 Bodegas Express	136	Bodegas
272	Walmarts		
163	Sam’s Clubs		
94	Superamas		
10	Medimart Pharmacies		

### Ticker Symbols

Mexican Stock Exchange:	Bloomberg:	Reuters:	ADR’s sponsored program:
Walmex	WalmexV MM WMMVY US	WalmexV.Mx WMMVY.Pk	WMMVY

This document may contain certain references concerning Wal-Mart de México S.A.B. de C.V.’s future performance that should be considered as good faith estimates made by the Company. These references are a reflection of Managements’ expectations about the Company and are based upon currently available data. Actual results are always subject to future events, risks and uncertainties, which could materially impact the Company’s actual performance.



## Websites

Investor Relations: [www.walmex.mx](http://www.walmex.mx)

Corporate: [www.walmartmexico.com](http://www.walmartmexico.com)

From the different formats:

[www.walmart.com.mx](http://www.walmart.com.mx)

[www.sams.com.mx](http://www.sams.com.mx)

[www.superama.com.mx](http://www.superama.com.mx)

## Contact us

Investor Relations	Corporate Communication
Pilar de la Garza Fernández del Valle (52-55) 5283-0289 <a href="mailto:Pilar.De@walmart.com">Pilar.De@walmart.com</a>	Gabriela Buenrostro Ortega (52-55) 5283-0237 <a href="mailto:Gabriela.Buenrostro@walmart.com">Gabriela.Buenrostro@walmart.com</a>

This document may contain certain references concerning Wal-Mart de México S.A.B. de C.V.'s future performance that should be considered as good faith estimates made by the Company. These references are a reflection of Managements' expectations about the Company and are based upon currently available data. Actual results are always subject to future events, risks and uncertainties, which could materially impact the Company's actual performance.

April 25, 2018



## Appendix 1: Quarterly Income Statements (millions of pesos)

(NOT AUDITED)

	I Quarter				
	2018		2017		% of Growth
	\$	%	\$	%	
Net Sales	143,953		131,639		9.4
Other Revenues	1,101		937		17.6
<b>Total Revenues</b>	<b>145,054</b>	<b>100.0</b>	<b>132,576</b>	<b>100.0</b>	<b>9.4</b>
Cost of Sales	111,841	77.1	102,190	77.1	9.4
<b>Gross Profit</b>	<b>33,213</b>	<b>22.9</b>	<b>30,386</b>	<b>22.9</b>	<b>9.3</b>
General Expenses	21,973	15.1	20,645	15.6	6.4
<b>Income before other income (expenses) - Net</b>	<b>11,240</b>	<b>7.7</b>	<b>9,741</b>	<b>7.3</b>	<b>15.4</b>
Other income (expenses) - Net	94	0.1	156	0.1	(39.9)
<b>Operating Income</b>	<b>11,334</b>	<b>7.8</b>	<b>9,897</b>	<b>7.5</b>	<b>14.5</b>
Financial (Expenses) Income - Net	(38)	(0.0)	(189)	(0.1)	(79.7)
<b>Income before taxes on profits</b>	<b>11,296</b>	<b>7.8</b>	<b>9,708</b>	<b>7.3</b>	<b>16.4</b>
Taxes on profits	2,947	2.0	2,647	2.0	11.4
<b>Net income from continuing operations</b>	<b>8,349</b>	<b>5.8</b>	<b>7,061</b>	<b>5.3</b>	<b>18.2</b>
Discontinued Operations	-		69	0.1	(100.0)
<b>Consolidated Net Income</b>	<b>8,349</b>	<b>5.8</b>	<b>7,130</b>	<b>5.4</b>	<b>17.1</b>
<b>EBITDA</b>	<b>14,378</b>	<b>9.9</b>	<b>12,778</b>	<b>9.6</b>	<b>12.5</b>
<b>Earnings per share (in pesos)</b>	<b>0.478</b>		<b>0.408</b>		<b>17.1</b>

This document may contain certain references concerning Wal-Mart de México S.A.B. de C.V.'s future performance that should be considered as good faith estimates made by the Company. These references are a reflection of Managements' expectations about the Company and are based upon currently available data. Actual results are always subject to future events, risks and uncertainties, which could materially impact the Company's actual performance.

April 25, 2018



**WAL-MART DE MÉXICO, S.A.B. DE C.V. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

Amounts in thousands of Mexican pesos

	<u>March 31,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>
<b><u>Assets</u></b>		
Current assets:		
Cash and cash equivalents	\$ 33,938,228	\$ 35,596,117
Accounts receivable, net	7,280,023	10,834,460
Inventories	54,449,874	59,463,255
Prepaid expenses and other assets	<u>1,067,504</u>	<u>982,374</u>
Total current assets	96,735,629	106,876,206
Non-current assets:		
Property and equipment, net	119,084,974	122,252,752
Finance leases, net	12,901,717	12,709,974
Investment properties, net	5,063,469	5,118,707
Intangible assets, net	36,457,644	39,368,028
Deferred tax assets	7,187,307	6,882,422
Other non-current assets	<u>1,846,306</u>	<u>2,047,575</u>
Total assets	<u>\$ 279,277,046</u>	<u>\$ 295,255,664</u>
<b><u>Liabilities and equity</u></b>		
Short-term liabilities:		
Accounts payable	\$ 68,758,192	\$ 80,099,063
Other accounts payable	44,680,675	23,837,886
Income taxes	<u>3,517,020</u>	<u>3,890,598</u>
Total current liabilities	116,955,887	107,827,547
Long-term liabilities:		
Other long-term liabilities	20,029,092	19,815,114
Deferred tax liabilities	6,406,514	6,087,187
Employee benefits	<u>1,804,033</u>	<u>1,991,863</u>
Total liabilities	<u>145,195,526</u>	<u>135,721,711</u>
Equity:		
Capital stock	45,468,428	45,468,428
Acumulated utilities	76,276,459	96,413,711
Other comprehensive income items	14,803,144	20,011,198
Premium on sale of shares	3,684,804	3,559,058
Employee stock option plan fund	<u>( 6,151,315)</u>	<u>( 5,918,442)</u>
Total equity	<u>134,081,520</u>	<u>159,533,953</u>
Total liabilities and equity	<u>\$ 279,277,046</u>	<u>\$ 295,255,664</u>

Not Audited

This document may contain certain references concerning Wal-Mart de México S.A.B. de C.V.'s future performance that should be considered as good faith estimates made by the Company. These references are a reflection of Managements' expectations about the Company and are based upon currently available data. Actual results are always subject to future events, risks and uncertainties, which could materially impact the Company's actual performance.

April 25, 2018



**WAL-MART DE MÉXICO, S.A.B. DE C.V. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

Amounts in thousands of Mexican pesos

	<b>Three month period ended</b>	
	<b>March 31</b>	
	<b>2018</b>	<b>2017</b>
Net sales	\$ 143,953,009	\$ 131,639,027
Other revenues	1,101,310	936,860
Total revenues	145,054,319	132,575,887
Cost of sales	( 111,840,827)	( 102,191,171)
Gross profit	33,213,492	30,348,716
General expenses	( 21,973,137)	( 20,644,451)
Income before other income and expenses	11,240,355	9,740,265
Other income	182,718	232,343
Other expenses	( 88,815)	( 76,045)
Operating income	11,334,258	9,896,563
Financial income	454,175	301,196
Financial expenses	( 492,409)	( 489,579)
Income before taxes on profits	11,296,024	9,708,180
Taxes on profits	( 2,947,110)	( 2,646,679)
Net Income from continuing operations	8,348,914	7,061,501
Net income from discontinued operations	-	68,672
Consolidated net income	<u>\$ 8,348,914</u>	<u>\$ 7,130,173</u>
Other comprehensive income items:		
<u>Items that can be subsequently reclassified to results:</u>		
Result from conversion of foreign currencies	\$ ( 5,208,054)	\$ ( 7,071,344)
	<u>\$ 3,140,860</u>	<u>\$ 58,829</u>
Basic earnings per share from continuing operations (in pesos)	<u>\$ 0.478</u>	<u>\$ 0.404</u>
Basic earnings per share (in pesos)	<u>\$ 0.478</u>	<u>\$ 0.408</u>

Not Audited

This document may contain certain references concerning Wal-Mart de México S.A.B. de C.V.'s future performance that should be considered as good faith estimates made by the Company. These references are a reflection of Managements' expectations about the Company and are based upon currently available data. Actual results are always subject to future events, risks and uncertainties, which could materially impact the Company's actual performance.

April 25, 2018



**WAL-MART DE MÉXICO, S.A.B. DE C.V. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CASH FLOWS**

Amounts in thousands of Mexican pesos

	Three month period ended March 31,	
	2018	2017
<b><u>Operating activities</u></b>		
Income before taxes on profits	\$ 11,296,024	\$ 9,708,180
<b><u>Items related to investing activities:</u></b>		
Depreciation and amortization	3,043,605	2,880,988
Loss from disposal of property, equipment and impairment	25,305	4,610
Stock option compensation expense	81,478	67,413
Interest earned	( 332,376)	( 231,798)
<b><u>Items related to financing activities:</u></b>		
Interest payable under finance leases	376,493	351,947
Discontinued operations	-	371,824
Cash flow from results of operations	14,490,529	13,153,164
<b><u>Variances in:</u></b>		
Accounts receivable	2,523,137	1,382,812
Inventories	4,178,665	( 998,637)
Prepaid expenses and other assets	162,860	( 114,418)
Accounts payable to suppliers	( 10,395,818)	( 9,190,782)
Other accounts payable	( 3,970,458)	( 2,406,037)
Taxes on profits paid	( 3,090,927)	( 4,035,798)
Employee benefits	( 62,945)	74,856
Discontinued operations	-	( 987,109)
Net cash flow from operating activities	3,835,043	( 3,121,949)
<b><u>Investing activities</u></b>		
Long definite-lived assets	( 1,848,838)	( 2,411,436)
Interest collected	332,376	231,798
Proceeds from sale of property and equipment	42,259	33,499
Employee stock option plan fund	( 188,605)	( 1,295,892)
Discontinued operations	-	( 35,945)
Net cash flows in investing activities	( 1,662,808)	( 3,477,976)
<b><u>Financing activities</u></b>		
Dividends paid	( 2,763,266)	( 2,413,266)
Payment of finance leases	( 407,496)	( 397,968)
Discontinued operations	-	( 15,583)
Net cash flow used in financing activities	( 3,170,762)	( 2,826,817)
Effect of changes in the value of cash	( 659,362)	( 772,258)
Net decrease in cash and cash equivalents	( 1,657,889)	( 10,199,000)
Cash and cash equivalents at beginning of period	35,596,117	27,975,536
Cash and cash equivalents at end of period	\$ 33,938,228	\$ 17,776,536

Not Audited

This document may contain certain references concerning Wal-Mart de México S.A.B. de C.V.'s future performance that should be considered as good faith estimates made by the Company. These references are a reflection of Managements' expectations about the Company and are based upon currently available data. Actual results are always subject to future events, risks and uncertainties, which could materially impact the Company's actual performance.

April 25, 2018

