

Walmart de México y Centroamérica Reports Results for the Second Quarter 2018

FREE TRANSLATION, NOT TO THE LETTER

Mexico City, July 25th, 2018

Financial Results

Today **Wal-Mart de México, S.A.B. de C.V. (BMV: WALMEX)** reported financial results for the second quarter of 2018. Total revenues increased **8.1%**. EBITDA for the quarter amounted to **\$13.5 billion pesos**, which represented **9.2%** of total revenues, a growth of **8.3%** over last year's levels.

Main figures are:

Results April – June	2018		2017		Growth
	Million \$	%	Million \$	%	%
Net Sales	145,476		134,735		8.0
Other Income	1,190		1,001		19.0
Total Revenues	146,666	100.0	135,736	100.0	8.1
Cost of Sales	113,160	77.2	104,802	77.2	8.0
Gross Profit	33,506	22.8	30,934	22.8	8.3
General Expenses	23,063	15.7	21,242	15.6	8.6
Income before Other Income - Net	10,443	7.1	9,692	7.1	7.7
Other Expenses - Net	(16)	(0.0)	(35)	(0.0)	(53.9)
Operating Income	10,427	7.1	9,657	7.1	8.0
Financial Income (Expenses) - Net	200	0.1	(135)	(0.1)	247.7
Taxes	2,667	1.8	2,775	2.0	(3.9)
Net income from Continuing Op.	7,960	5.4	6,747	5.0	18.0
Discontinued Operations	-	-	6,732	5.0	(100.0)
Net Income	7,960	5.4	13,479	9.9	(40.9)
EBITDA	13,502	9.2	12,466	9.2	8.3
EPS (in pesos)	0.456		0.772		(40.9)

EPS= Earnings per share / Not audited

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Results January – June	2018		2017		Growth
	Million \$	%	Million \$	%	%
Net Sales	289,429		266,374		8.7
Other Income	2,292		1,938		18.3
Total Revenues	291,721	100.0	268,312	100.0	8.7
Cost of Sales	225,001	77.1	206,993	77.1	8.7
Gross Profit	66,720	22.9	61,319	22.9	8.8
General Expenses	45,036	15.4	41,886	15.6	7.5
Income before Other Income - Net	21,684	7.4	19,433	7.2	11.6
Other Income - Net	77	0.0	120	0.0	(35.8)
Operating Income	21,761	7.5	19,553	7.3	11.3
Financial Income (Expenses) - Net	162	0.1	(324)	(0.1)	150.0
Taxes	5,614	1.9	5,421	2.0	3.5
Net income from Continuing Op.	16,309	5.6	13,808	5.1	18.1
Discontinued Operations	-	-	6,801	2.5	(100.0)
Net Income	16,309	5.6	20,609	7.7	(20.9)
EBITDA	27,880	9.6	25,243	9.4	10.4
EPS (in pesos)	0.934		1.180		(20.9)

EPS= Earnings per share / Not audited

Openings Q2 2018

Mexico: 27 units

- 27 Bodegas Aurrerá
 - o 7 Bodegas Aurrerá
 - o 9 Mi Bodegas
 - o 11 Bodegas Aurrerá Express

Central America: 3 units

- 2 Discount Stores
- 1 Bodegas

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Installed Capacity

Sales Area (June 30 th , 2018)				
Format	Mexico		Central America	
	Sq.mt.	Sq.ft.	Sq.mt.	Sq.ft.
Bodegas and Discount Stores	2,758,222	29,689, 500	443,218	4,770,799
Walmarts	2,080,930	22,399, 131	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		
Total	6,155,782	66,260,835	727,658	7,832,514

Other Events

In May, **Walmart de México y Centroamérica** was awarded a prize by the Mexican Stock Exchange during the Issuers Forum, because our Company obtained the highest rating in the Environment Evaluation conducted with the Sustainable IPC (Stock Market Index) Methodology.

Walmart de México y Centroamérica obtained the Social Responsible Enterprise (SRE®) Award. Walmart has been the only Company in the Retail industry to have been awarded this prize for 18 consecutive years.

In June, **Walmart de México y Centroamérica** was included in the "Forbes 2000 global enterprises" list, which classifies the most important public companies in the world and was ranked third in the "Top 500 most important companies in México" by Expansion Magazine.

In June, the IMEF (Instituto Mexicano de Ejecutivos de Finanzas), Magazine included **Walmart de México y Centroamérica** in the *IndexAmericas* - that measures corporate sustainability- of Companies. Walmart de México y Centroamérica stands out as one of the three Mexican Companies, among 100 Global Companies, that operate in Latin American and The Caribbean region.

Operations in Guatemala donated, in June, 250,000 dollars for house reconstruction and the integration of impacted people, as well as the establishment of collection centers across the Country, due to the natural disaster caused by the Volcano de Fuego eruptions. In addition, **Walmart Foundation de México** donated over 4,000 pantry baskets, though the Mexican Red Cross, in support of Guatemalan families.

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Conference Call

Walmart de México y Centroamérica will hold a webcast today at 3:30 PM (CT), regarding second quarter 2018 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 4689 - 8866
- For Spanish: Access code 4689 - 8865

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 **June 30, 2018**, it operated **3,182** units, broken down as follows:

2,392	Mexico	790	Central America
1,854	Bodegas Aurrerá:	529	Discount Stores
	510 Bodegas	95	Supermarkets
	353 Mi Bodegas	29	Walmarts
	991 Bodegas Express	137	Bodegas
271	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

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					II Quarter				
	2018		2017		% de Growth	2018		2017		% de Growth
	\$	%	\$	%		\$	%	\$	%	
Net Sales	143,953		131,639		9.4	145,476		134,735		8.0
Other Revenues	1,101		937		17.6	1,190		1,001		19.0
Total Revenues	145,054	100.0	132,576	100.0	9.4	146,666	100.0	135,736	100.0	8.1
Cost of Sales	111,841	77.1	102,190	77.1	9.4	113,160	77.2	104,802	77.2	8.0
Gross Profit	33,213	22.9	30,386	22.9	9.3	33,506	22.8	30,934	22.8	8.3
General Expenses	21,973	15.1	20,645	15.6	6.4	23,063	15.7	21,242	15.6	8.6
Income before other income (expenses) - Net	11,240	7.7	9,741	7.3	15.4	10,443	7.1	9,692	7.1	7.7
Other income (expenses) - Net	94	0.1	156	0.1	(39.6)	(16)	(0.0)	(35)	(0.0)	(53.9)
Operating Income	11,334	7.8	9,897	7.5	14.5	10,427	7.1	9,657	7.1	8.0
Financial (Expenses) Income - Net	(38)	(0.0)	(189)	(0.1)	(79.7)	200	0.1	(135)	(0.1)	247.7
Income before taxes on profits	11,296	7.8	9,708	7.3	16.4	10,627	7.2	9,522	7.0	11.6
Taxes on profits	2,947	2.0	2,647	2.0	11.4	2,667	1.8	2,775	2.0	(3.9)
Net income from continuing operations	8,349	5.8	7,061	5.3	18.2	7,960	5.4	6,747	5.0	18.0
Discontinued Operations	-		69	0.1	(100.0)	-		6,732	5.0	(100.0)
Consolidated Net Income	8,349	5.8	7,130	5.4	17.1	7,960	5.4	13,479	9.9	(40.9)
EBITDA	14,378	9.9	12,778	9.6	12.5	13,502	9.2	12,466	9.2	8.3
Earnings per share (in pesos)	0.478		0.408		17.1	0.456		0.772		(40.9)

Las referencias que en este documento se hagan respecto al futuro desempeño de Wal-Mart de México S.A.B. de C.V. deberán considerarse como meras estimaciones que de buena fe ha realizado la Compañía. Dichas referencias son simplemente el reflejo de las expectativas de la administración de la Compañía y se basan en los datos que actualmente se encuentran disponibles. Los resultados reales dependerán en su totalidad de los acontecimientos, riesgos e incertidumbres que se pudieran presentar en el futuro y que llegaran a afectar el desempeño real de la Compañía.

25 de julio de 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>June 30, 2018</u>	<u>December 31, 2017</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 30,256,479	\$ 35,596,117
Accounts receivable, net	8,623,016	10,834,460
Inventories	57,530,547	59,463,255
Prepaid expenses and other assets	<u>1,427,092</u>	<u>982,374</u>
Total current assets	97,837,134	106,876,206
Non-current assets:		
Property and equipment, net	122,329,552	122,252,752
Finance leases, net	13,125,897	12,709,974
Investment properties, net	5,011,272	5,118,707
Intangible assets, net	39,799,898	39,368,028
Deferred tax assets	6,623,904	6,882,422
Other non-current assets	<u>2,035,153</u>	<u>2,047,575</u>
Total assets	<u>\$ 286,762,810</u>	<u>\$ 295,255,664</u>
Liabilities and equity		
Short-term liabilities:		
Accounts payable	\$ 69,440,093	\$ 80,099,063
Other accounts payable	39,133,424	23,837,886
Income taxes	<u>1,031,230</u>	<u>3,890,598</u>
Total current liabilities	109,604,747	107,827,547
Long-term liabilities:		
Other long-term liabilities	20,402,807	19,815,114
Deferred tax liabilities	5,938,693	6,087,187
Employee benefits	<u>1,885,180</u>	<u>1,991,863</u>
Total liabilities	<u>137,831,427</u>	<u>135,721,711</u>
Equity:		
Capital stock	45,468,428	45,468,428
Retained earnings	84,206,602	96,413,711
Other comprehensive income items	20,887,571	20,011,198
Premium on sale of shares	3,881,205	3,559,058
Employee stock option plan fund	<u>(5,512,423)</u>	<u>(5,918,442)</u>
Total equity	<u>148,931,383</u>	<u>159,533,953</u>
Total liabilities and equity	<u>\$ 286,762,810</u>	<u>\$ 295,255,664</u>

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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

	Six month period ended	
	June 30	
	2018	2017
Net sales	\$ 289,428,939	\$ 266,374,184
Other revenues	2,291,988	1,937,684
Total revenues	291,720,927	268,311,868
Cost of sales	(225,001,133)	(206,993,313)
Gross profit	66,719,794	61,318,555
General expenses	(45,036,229)	(41,885,632)
Income before other income and expenses	21,683,565	19,432,923
Other income	298,625	480,528
Other expenses	(221,239)	(360,060)
Operating income	21,760,951	19,553,391
Financial income	1,183,292	643,420
Financial expenses	(1,021,344)	(967,305)
Income before income taxes	21,922,899	19,229,506
Income taxes	(5,613,779)	(5,421,472)
Net Income from continuing operations	16,309,120	13,808,034
Net income from discontinued operations net of income taxes	-	6,800,873
Consolidated net income	<u>\$ 16,309,120</u>	<u>\$ 20,608,907</u>
Other comprehensive income items:		
<u>Items that may be reclassified subsequently to profit and loss:</u>		
Cumulative translation adjustment	\$ 876,373	\$ (9,714,736)
	<u>\$ 17,185,493</u>	<u>\$ 10,894,171</u>
Basic earnings per share from continuing operations (in pesos)	<u>\$ 0.934</u>	<u>\$ 0.791</u>
Basic earnings per share (in pesos)	<u>\$ 0.934</u>	<u>\$ 1.180</u>

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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

	Six month period ended June 30,	
	2018	2017
<u>Operating activities</u>		
Income before taxes on profits	\$ 21,922,899	\$ 19,229,506
<u>Items related to investing activities:</u>		
Depreciation and amortization	6,118,929	5,690,141
Loss from disposal of property, equipment and impairment	23,518	29,054
Stock option compensation expense	157,730	140,470
Interest earned	(587,719)	(477,081)
<u>Items related to financing activities:</u>		
Interest payable under finance leases	764,476	707,115
Discontinued operations	-	371,824
Cash flow from results of operations	<u>28,399,833</u>	<u>25,691,029</u>
<u>Variances in:</u>		
Accounts receivable	2,238,690	1,401,147
Inventories	1,924,944	403,815
Prepaid expenses and other assets	(316,454)	84,247
Accounts payable to suppliers	(10,619,561)	(10,915,851)
Other accounts payable	(3,352,081)	(1,142,891)
Taxes on profits paid	(8,990,247)	(7,067,954)
Employee benefits	(95,843)	130,702
Discontinued operations	-	(987,109)
Net cash flow from operating activities	<u>9,189,281</u>	<u>7,597,135</u>
<u>Investing activities</u>		
Long definite-lived assets	(5,531,271)	(6,231,894)
Interest collected	587,719	477,081
Proceeds from sale of property and equipment	91,539	78,575
Employee stock option plan fund	570,436	(824,461)
Discontinued operations	-	(35,945)
Cash flow from divestiture business	-	19,820,765
Net cash flows in investing activities	<u>(4,281,577)</u>	<u>13,284,121</u>
<u>Financing activities</u>		
Dividends paid	(9,498,499)	(30,847,035)
Payment of finance leases	(791,859)	(727,080)
Discontinued operations	-	(15,583)
Net cash flow used in financing activities	<u>(10,290,358)</u>	<u>(31,589,698)</u>
Effect of changes in the value of cash	<u>43,016</u>	<u>(1,291,746)</u>
Net decrease in cash and cash equivalents	(5,339,638)	(12,000,188)
Cash and cash equivalents at beginning of period	<u>35,596,117</u>	<u>27,975,536</u>
Cash and cash equivalents at end of period	<u>\$ 30,256,479</u>	<u>\$ 15,975,348</u>

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