

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

FREE TRANSLATION, NOT TO THE LETTER

Mexico City, October 23, 2019

Financial Results

Today **Wal-Mart de México, S.A.B. de C.V. (BMV: WALMEX)** reported financial results for the third quarter of 2019. Total revenues increased **4.9%**. EBITDA for the quarter amounted to **\$17.7 billion pesos**, which represented **11.4%** of total revenues, a growth of **18.6%** over last year's levels.

Main figures are:

Results July – September	2019		2018		Growth
	Million \$	%	Million \$	%	%
Net Sales	153,773		146,635		4.9
Other Income	1,246		1,133		10.0
Total Revenues	155,019	100	147,768	100	4.9
Cost of Sales	118,492	76.4	113,288	76.7	4.6
Gross Profit	36,527	23.6	34,480	23.3	5.9
General Expenses	23,257	15.0	22,686	15.4	2.5
Income before Other Income Net	13,270	8.6	11,794	8.0	12.5
Other Income (Expenses) - Net	114	0.1	17	0.0	5.8x
Operating Income	13,384	8.6	11,811	8.0	13.3
Financial Income (Expenses) - Net	(1,333)	(0.9)	(366)	(0.2)	2.6x
Taxes	2,800	1.8	2,763	1.9	1.3
Net Income	9,251	6.0	8,682	5.9	6.6
EBITDA	17,677	11.4	14,903	10.1	18.6
EPS (in pesos)	0.530		0.497		6.6

EPS= Earnings per share

X=Times

*Not audited

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Results January – September	2019		2018		Growth
	Million \$	%	Million \$	%	%
Net Sales	457,456		436,064		4.9
Other Income	3,647		3,425		6.5
Total Revenues	461,103	100.0	439,489	100.0	4.9
Cost of Sales	355,169	77.0	338,411	77.0	5.0
Gross Profit	105,934	23.0	101,078	23.0	4.8
General Expenses	68,437	(14.8)	67,600	15.4	1.2
Income before Other Income Net	37,497	8.1	33,478	7.6	12.0
Other Income (Expenses) - Net	306	0.1	94	—	225.5
Operating Income	37,803	8.2	33,572	7.6	12.6
Financial Income (Expenses) - Net	(3,410)	(0.7)	(204)	—	15.7x
Taxes	7,727	1.7	8,377	1.9	(7.8)
Net Income	26,666	5.8	24,991	5.7	6.7
EBITDA	50,415	10.9	42,783	9.7	17.8
EPS (in pesos)	1.527		1.431		6.7

EPS= Earnings per share

X=Times

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Openings Q3 2019

Mexico: 29 units

- 28 Bodegas Aurrerá
 - 4 Bodegas Aurrerá
 - 5 Mi Bodega
 - 19 Bodegas Aurrerá Express
- 1 Superama

Central America: 7 units

- 1 Supermarkets
- 4 Discount stores
- 2 Bodegas

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Installed Capacity

Sales Area (September 30, 2019)		
Format	Mexico	Central America
Bodegas and Discount Stores	2,835,845	469,836
Walmarts	2,106,505	167,380
Sam's Clubs	1,161,921	
Supermarkets	151,293	135,638
Total	6,255,564	772,854

Other Events

In July, **Walmart de México y Centroamérica** was included, for the 4th consecutive year in the FTSEGood Index due to its performance in terms of environmental, social and governance factors.

In August, **Walmart de México y Centroamérica** was recognized by “Monitor Empresarial de Reputación Corporativa (Merco)”, as the second company with the best corporate reputation in Mexico, in the list “The 100 companies with the best corporate reputation” This recognition is the result of an evaluation of 16 different information resources, endorsed by KPMG.

During the quarter, **Walmart de México y Centroamérica** received the “Éntrale 2019” Award for its outstanding policies, practices and programs in favor of labor inclusion and commitment to create an inclusive work environment. Every year, this award is granted only to 1% of the 450 companies and 50 allied Non-Governmental Organizations (NGOs), which demonstrated their commitment to the inclusion of people with disabilities. The sectors that were taken into account for this award are: culture, adjustments and security, business practices and people with disabilities in the workplace.

Conference Call

Walmart de México y Centroamerica will hold a webcast today at 3:30 PM (CT) regarding third quarter 2019 results. Access to the webcast is through:

- Investor relations website www.walmex.mx
- Corporate YouTube <https://www.youtube.com/user/WalmartMexicoCAM>
- Corporate Website www.walmartmexico.com

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

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Company Description

WALMEX is a Retail Sector company whose shares are traded in the Mexican Stock Exchange since 1977. As of **September 30, 2019**, it operated **3,327** units, broken down as follows:

2,499 Mexico

1,966	Bodegas Aurrerá:
	531 Bodegas
	375 Mi Bodegas
	1,060 Bodegas Express
277	Walmarts
163	Sam's Clubs
93	Superamas

828 Central America

545	Discount Stores
99	Supermarkets
32	Walmarts
152	Bodegas

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					II Quarter					III Quarter				
	2019		2018		% of Growth	2019		2018		% of Growth	2019		2018		% of Growth
	\$	% Sales	\$	% Sales		\$	% Sales	\$	% Sales		\$	% Sales	\$	% Sales	
Net Sales	150,534		143,953		4.6	153,149		145,476		5.3	153,773		146,635		4.9
Other Revenues	1,200		1,101		8.9	1,201		1,190		0.9	1,246		1,133		10.0
Total Revenues	151,734	100.0	145,054	100.0	4.6	154,350	100.0	146,666	100.0	5.2	155,019	100.0	147,768	100.0	4.9
Cost of Sales	117,237	77.3	111,782	77.1	4.9	119,440	77.4	113,340	77.3	5.4	118,492	76.4	113,288	76.7	4.6
Gross Profit	34,497	22.7	33,272	22.9	3.7	34,910	22.6	33,326	22.7	4.8	36,527	23.6	34,480	23.3	5.9
General Expenses	22,228	14.6	22,032	15.2	0.9	22,952	14.9	22,883	15.6	0.3	23,257	15.0	22,686	15.4	2.5
Income before other income (expenses) - Net	12,269	8.1	11,240	7.7	9.1	11,958	7.7	10,443	7.1	14.5	13,270	8.6	11,794	8.0	12.5
Other Income (expenses) - Net	70	—	94	—	(25.0)	122	—	(16)	—	8.4 x	114	0.1	17	—	5.8 x
Operating Income	12,339	8.1	11,334	7.8	8.9	12,080	7.8	10,427	7.1	15.9	13,384	8.6	11,811	8.0	13.3
Financial Income (Expenses) - Net	(1,002)	(0.7)	(38)	—	25.2	(1,074)	(0.7)	200	0.1	(6.4) x	(1,333)	(0.9)	(366)	(0.2)	2.6 x
Income before taxes on profits	11,337	7.5	11,296	7.8	0.4	11,006	7.1	10,627	7.2	3.6	12,051	7.8	11,445	7.7	5.3
Taxes on profits	2,673	(1.8)	2,947	2.0	(9.3)	2,255	1.5	2,667	1.8	(15.5)	2,800	1.8	2,763	1.9	1.3
Net Income	8,664	5.7	8,349	5.8	3.8	8,751	5.7	7,960	5.4	9.9	9,251	6.0	8,682	5.9	6.6
EBITDA	16,462	10.8	14,378	9.9	14.5	16,276	10.5	13,502	9.2	20.5	17,677	11.4	14,903	10.1	18.6
Earnings per Share (in pesos)	0.496		0.478		3.8	0.501		0.456		9.9	0.530		0.497		6.6
x=times															

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WALMART DE MEXICO, S.A.B DE C.V. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
(Amounts in thousands of Mexican pesos)

	Nine month period ended	
	September 30	
	2019	2018
Net sales	\$ 457,456,101	\$ 436,063,942
Other revenues	3,646,694	3,424,826
Total revenues	461,102,795	439,488,768
Cost of sales	(355,168,632)	(338,410,907)
Gross profit	105,934,163	101,077,861
General expenses	(68,437,718)	(67,599,993)
Income before other income and expenses	37,496,445	33,477,868
Other income	817,153	596,499
Other expenses	(510,506)	(502,298)
Operating Income	37,803,092	33,572,069
Financial income	1,595,525	1,704,899
Financial expenses	(5,005,315)	(1,909,067)
Income before income taxes	34,393,302	33,367,901
Income taxes	(7,727,124)	(8,377,118)
Consolidated net income	<u>\$ 26,666,178</u>	<u>\$ 24,990,783</u>
Components of other comprehensive income:		
<u>Items that may be reclassified subsequently to profit or loss:</u>		
Cumulative translation adjustment	1,850,727	(4,311,084)
Comprehensive income	<u>28,516,905</u>	<u>20,679,699</u>
Basic earnings per share (in pesos)	1.527	1.431

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WALMART DE MEXICO, S.A.B DE C.V. AND SUBSIDIARIES

Consolidated Statement of Financial Position

(Amounts in thousands of Mexican pesos)

September 30

	2019	2018
Assets		
Current Assets:		
Cash and Cash equivalents	\$ 20,555,426	\$ 33,061,176
Account receivable, net	10,740,726	9,304,149
Inventories	68,621,215	60,701,754
Prepaired expenses and other	904,768	1,274,269
Total current assets	<u>100,822,135</u>	<u>104,341,348</u>
Non-current assets:		
Property and equipment, net	130,379,073	122,174,686
Finance leases, net	48,504,776	12,800,960
Investment properties, net	6,639,017	4,913,317
Intangibles assets, net	38,009,927	37,475,266
Deferred tax assets	8,349,309	8,322,151
Other non-current assets	2,132,476	2,094,065
Total assets	<u>\$ 334,836,713</u>	<u>\$ 292,121,793</u>
Liabilities and equity		
Current liabilities:		
Account payable	74,932,341	72,746,385
Other accounts payable	32,535,229	35,829,556
Income taxes payable	3,493,761	1,248,325
Total current liabilities	<u>110,961,331</u>	<u>109,824,266</u>
Long-term liabilities:		
Long-term Leases	52,465,859	14,223,675
Other long-term liabilities	4,613,588	5,914,213
Deferred tax liabilities	5,118,557	7,623,519
Employed benefits	1,583,316	1,796,444
Total liabilities	<u>174,742,651</u>	<u>139,382,117</u>
Equity:		
Common stock	45,468,428	45,468,428
Retained earnings	98,365,151	92,879,852
Components of other comprehensive	17,769,173	15,700,114
Premium on sale of share	4,270,039	3,967,529
Employee stock option plan fund	(5,778,729)	(5,276,247)
Total equity	<u>160,094,062</u>	<u>152,739,676</u>
Total liabilities and equity	<u>\$ 334,836,713</u>	<u>\$ 292,121,793</u>

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WALMART DE MEXICO, S.A.B DE C.V. AND SUBSIDIARIES

Consolidated Statement of Cash Flows

(Amounts in thousands of Mexican pesos)

For the Nine-month period ended

September 30

	2019	2018
Operating activities		
Income before income taxes	\$ 34,393,302	\$ 33,367,901
Items related to investing activities:		
Depreciation and amortization	12,610,879	9,211,236
Loss from disposal of property and equipment	68,216	73,754
Loss from disposal of impairment	(29,034)	36,300
Stock option compensation expense	275,578	232,935
Interest earned	(983,047)	(921,911)
Items related to financing activities:		
Interest paid under finance leases	4,685,583	1,155,478
Cash flow from operating activities	51,021,477	43,155,693
Variances in:		
Accounts receivable	2,563,893	2,271,694
Inventories	(5,094,348)	(2,126,702)
Prepaid expenses and other assets	495,745	(305,241)
Accounts payable	(10,820,917)	(6,276,653)
Other accounts payable	(2,021,720)	(1,448,886)
Income tax paid	(7,443,984)	(12,142,267)
Employee benefits	(59,529)	(67,704)
Net cash flow operating activities	28,640,617	23,059,934
Investing activities		
Long-lived assets	(14,415,556)	(10,764,622)
Interest collected	983,047	921,911
Proceeds from sale of property and equipment	156,437	162,104
Employee stock option plan fund	(672,781)	817,731
Net cash flow (used in) from investing activities	(13,948,853)	(8,862,876)
Financing activities		
Dividends paid	(26,618,211)	(14,512,755)
Rental payments - principal	(1,751,533)	(1,171,114)
Rental payments - interest	(4,228,117)	
Net cash flow (used in) from financing activities	(32,597,861)	(15,683,869)
Effect of changes in the value of cash	(368,075)	(1,048,130)
Net decreased in cash and cash equivalents	(18,274,172)	(2,534,941)
Cash and cash equivalents at beginning of period	38,829,598	35,596,117
Cash and cash equivalents at end of period	\$ 20,555,426	\$ 33,061,176

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