

# Walmart de México y Centroamérica Reports Results for the First Quarter 2020

FREE TRANSLATION, NOT TO THE LETTER

Mexico City, April 28, 2020

## Financial Results

Today **Wal-Mart de México, S.A.B. de C.V. (BMV: WALMEX)** reported financial results for the first quarter of 2020. Total revenues increased **12.9%**. EBITDA for the quarter amounted to **\$19.1 billion pesos**, which represented **11.1%** of total revenues, a growth of **15.7%** over last year's levels.

Main figures are:

Results January – March	2020		2019		Growth
	Million \$MXN	%	Million \$MXN	%	%
Net Sales	169,957		150,534		12.9
Other Income	1,377		1,200		14.7
<b>Total Revenues</b>	<b>171,334</b>	<b>100.0</b>	<b>151,734</b>	<b>100.0</b>	<b>12.9</b>
Cost of Sales	132,270	77.2	117,237	77.3	12.8
<b>Gross Profit</b>	<b>39,064</b>	<b>22.8</b>	<b>34,497</b>	<b>22.7</b>	<b>13.2</b>
General Expenses	24,689	14.4	22,228	14.6	11.1
<b>Income before Other Income Net</b>	<b>14,375</b>	<b>8.4</b>	<b>12,269</b>	<b>8.1</b>	<b>17.2</b>
Other Income (Expenses) - Net	265	0.2	70	0.0	2.8x
<b>Operating Income</b>	<b>14,640</b>	<b>8.5</b>	<b>12,339</b>	<b>8.1</b>	<b>18.6</b>
Financial Income (Expenses) - Net	-1,610	-0.9	-1,002	-0.7	60.6
Taxes	3,033	1.8	2,673	1.8	13.5
<b>Net Income</b>	<b>9,997</b>	<b>5.8</b>	<b>8,664</b>	<b>5.7</b>	<b>15.4</b>
<b>EBITDA</b>	<b>19,050</b>	<b>11.1</b>	<b>16,462</b>	<b>10.8</b>	<b>15.7</b>
EPS (in pesos)	0.573		0.496		15.4

EPS= Earnings per share

X=Times

## Openings Q1 2020

**Mexico:** 3 units

- 3 Bodegas Aurrerá
  - 1 Bodega Aurrerá
  - 1 Mi Bodega
  - 1 Bodega Aurrerá Express

**Central America:** 6 units

- 6 Discount stores

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## Installed Capacity

Sales Area in m <sup>2</sup> (March 31, 2020)		
Format	Mexico	Central America
Bodegas and Discount Stores	2,891,723	476,773
Walmarts	2,115,584	171,611
Sam's Clubs	1,163,427	
Supermarkets	150,787	135,638
<b>Total</b>	<b>6,321,521</b>	<b>784,022</b>

## Other Events

To support families and communities in Mexico and Central America in light of the ongoing COVID-19 pandemic, always putting its customers, partners and associates at the center of its decisions, **Walmart de México y Centroamérica** disclosed several actions that is carrying out:

- Remote work of associates in their central offices in Mexico from March 16 and in Central America from 18 of the same month.
- It granted more than 13,630 associates in the region, including pregnant women and adults over 60, both in stores, clubs, distribution centers and at headquarters, permission to be absent with pay.
- In Mexico, chose to ensure the health of older adults who worked as volunteer packers in the stores and requested their withdrawal and, despite not being Walmex employees, the company have them financial support to cope with this crisis. In addition, the company provided them with a free supply of groceries enough for two people.
- Implemented additional hygiene and healthy distance measures in all its stores, clubs, distribution centers and central offices.
- Recommended prevention actions for customers and members in stores and clubs.
- Started hiring about 20,500 new associates in Mexico and Central America to meet the high volume and demand they are facing.
- We are working with our suppliers and business partners to contain the prices of the products with the highest demand, always considering that this containment action does not affect the rest of the chain, especially small and medium producers.
- With the goal of reinforcing even further our Low Price value proposition, we launched “Los Esenciales” campaign across our Bodega formats. This initiative consists in providing the lowest prices in 125 basic items and maintaining this low prices for 60 days, with the purpose of supporting our most price sensitive customers.
- We also stepped up our efforts in the Walmart Foundation, recently, we donated 250 tons of food to more than 22,800 senior people.
- We donated \$100 M pesos to finance the construction of a temporary COVID-19 unit, enabled with more than 900 beds to provide medical service for the health care system patients in Mexico City. This is a joint effort with other Mexican companies.
- We are waiving rent for our micro and small tenants in Mexico for the months of April and May. Additionally, we are leveraging installed capacity currently not used by some of our business partners, so we can deal with the high volume and traffic that we are facing, with the support of their employees.

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- We decided to reduce the payment term to 7 days for micro and small suppliers during April, May and June. A large percentage of our 30,000 suppliers in Mexico are small businesses who could benefit from this program.
- We also bought over 700 tons of fruits and vegetables to small farmers to support local producers.

## Conference Call

Walmart de México y Centroamerica will hold a webcast today at 3:30 PM (CT) regarding first quarter 2020 results. Access to the webcast is through:

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

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, 2020**, it operated **3,416** units, broken down as follows:

<b>2,574 Mexico</b>	<b>842 Central America</b>
2,038 Bodegas Aurrerá:	555 Discount Stores
542 Bodegas	99 Supermarkets
396 Mi Bodegas	33 Walmarts
1,100 Bodegas Express	155 Bodegas
280 Walmarts	
163 Sam's Clubs	
93 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](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)

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

	I Quarter				
	2020		2019		% of
	\$	% Sales.	\$	% Sales.	Growth
Net Sales	169,957		150,534		12.9
Other Revenues	1,377		1,200		14.7
<b>Total Revenues</b>	<b>171,334</b>	<b>100.0</b>	<b>151,734</b>	<b>100.0</b>	<b>12.9</b>
Cost of Sales	(132,270)	(77.2)	(117,237)	(77.3)	12.8
<b>Gross Profit</b>	<b>39,064</b>	<b>22.8</b>	<b>34,497</b>	<b>22.7</b>	<b>13.2</b>
General Expenses	(24,689)	(14.4)	(22,228)	(14.6)	11.1
<b>Income before other income (expenses) - Net</b>	<b>14,375</b>	<b>8.4</b>	<b>12,269</b>	<b>8.1</b>	<b>17.2</b>
Other Income (expenses) - Net	265	0.2	70	—	2.8 X
<b>Operating Income</b>	<b>14,640</b>	<b>8.5</b>	<b>12,339</b>	<b>8.1</b>	<b>18.6</b>
Financial Income (Expenses) - Net	(1,610)	(0.9)	(1,002)	(0.7)	60.6
<b>Income before taxes on profits</b>	<b>13,030</b>	<b>7.6</b>	<b>11,337</b>	<b>7.5</b>	<b>14.9</b>
Taxes on profits	(3,033)	(1.8)	(2,673)	(1.8)	13.5
<b>Net Income</b>	<b>9,997</b>	<b>5.8</b>	<b>8,664</b>	<b>5.7</b>	<b>15.4</b>
<b>EBITDA</b>	<b>19,050</b>	<b>11.1</b>	<b>16,462</b>	<b>10.8</b>	<b>15.7</b>
Earnings per Share (in pesos)	0.573		0.496		15.4
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)

	Quarter ended	
	March 31	
	2020	2019
Net sales	169,957,112	150,533,888
Other revenues	<u>1,376,705</u>	<u>1,199,761</u>
Total revenues	171,333,817	151,733,649
Cost of sales	<u>(132,269,386)</u>	<u>(117,236,562)</u>
<b>Gross profit</b>	<b>39,064.431</b>	<b>34,497.087</b>
General expenses	<u>(24,689,305)</u>	<u>(22,228,319)</u>
<b>Income before other income and expenses</b>	<b>14,375.126</b>	<b>12,268.768</b>
Other income	326,625	236,170
Other expenses	<u>(61,492)</u>	<u>(165,749)</u>
<b>Operating Income</b>	<b>14,640.259</b>	<b>12,339.189</b>
Financial income	755,879	526,416
Financial expenses	<u>(2,365,835)</u>	<u>(1,528,680)</u>
<b>Income before income taxes</b>	<b>13,030.303</b>	<b>11,336.925</b>
Income taxes	<u>(3,032,753)</u>	<u>(2,672,980)</u>
<b>Consolidated net income</b>	<b>\$ 9,997.550</b>	<b>\$ 8,663.945</b>
Components of other comprehensive income:		
Items that can be reclassified subsequently to		
Cumulative translation adjustment	<u>17,270,341</u>	<u>(287,279)</u>
Other comprehensive income items	<u>17,270,341</u>	<u>(287,279)</u>
<b>Comprehensive income</b>	<b>\$ 27,267.891</b>	<b>\$ 8,376.666</b>
Basic earnings per share ( in pesos)	<u>0.573</u>	<u>0.496</u>

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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)

	March 31	
	2020	2019
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 37,890,172	29,511,695
Accounts receivable, net	14,053,372	11,326,659
Inventories	63,467,491	59,032,787
Prepaid expenses and others assets	1,225,182	1,209,205
<b>Total current assets</b>	<b>116,636,217</b>	<b>101,080,346</b>
<b>Non-current assets:</b>		
Property and equipment, net	138,757,576	124,840,346
Right of use assets -net	52,212,230	47,691,077
Investment Properties, net	6,619,901	4,753,828
Intangible assets, net	45,764,851	36,818,732
Deferred tax assets	7,043,527	7,606,681
Other non-current assets	2,279,980	2,152,066
<b>Total assets</b>	<b>369,314,282</b>	<b>324,943,076</b>
<b>Liabilities and equity</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 81,349,436	\$ 72,755,196
Lease Liabilities	3,039,613	2,973,456
Other accounts payable	50,053,912	48,340,840
Income Taxes payable	2,073,282	1,432,288
<b>Total current liabilities</b>	<b>136,516,243</b>	<b>125,501,780</b>
<b>Long-term liabilities:</b>		
Leases and other long-term liabilities	61,943,213	53,652,922
Deferred tax liabilities	5,550,525	5,122,578
Employee benefits	2,441,777	1,585,014
<b>Total liabilities</b>	<b>206,451,758</b>	<b>185,862,294</b>
<b>Equity:</b>		
Capital stock	45,468,428	45,468,428
Retained earnings	87,945,283	80,335,934
Other comprehensive income	32,411,098	15,623,414
Premium on sale of shares	4,412,621	4,111,123
Employee stock option plan fund	(7,374,906)	(6,458,117)
<b>Total equity</b>	<b>162,862,524</b>	<b>139,080,782</b>
<b>Total liabilities and equity</b>	<b>\$ 369,314,282</b>	<b>\$ 324,943,076</b>

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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)

	Quarter ended	
	March 31	
	2020	2019
<b>Operating activities</b>		
Income before income taxes	\$ 13,030,303	\$ 11,336,925
Items related to investing activities:		
Depreciation and amortization	4,410,081	4,122,711
Loss from disposal of property and equipment	(19,037)	16,273
Stock option compensation expense	82,668	76,574
Interest earned	(261,703)	(376,969)
Interest paid under finance leases	1,556,353	1,822,673
Cash flow from operating activities	<b>18,798,665</b>	<b>16,998,187</b>
Variances in:		
Accounts receivable	(758,539)	(503,693)
Inventories	6,652,633	4,055,653
Prepaid expenses and other assets	415,720	155,201
Accounts payable	(8,920,209)	(12,246,771)
Other accounts payable	(3,274,162)	(2,283,987)
Income tax paid	(3,174,640)	(3,374,895)
Employee benefits	9,960	(27,874)
Net cash flow operating activities	<b>9,749,428</b>	<b>2,771,821</b>
<b>Investing activities</b>		
Long-lived assets interest collected	(2,359,357)	(3,193,772)
Proceeds from sale of property and equipment	261,703	376,969
Employee stock option plan fund	132,733	55,755
	(1,720,327)	(1,312,081)
Net cash flow (used in) from investing activities	<b>(3,685,248)</b>	<b>(4,073,129)</b>
<b>Financing activities</b>		
Dividends paid	0	(5,706,462)
Payment of liabilities leases	(2,051,063)	(1,900,034)
Net cash flow (used in) from financing activities	<b>(2,051,063)</b>	<b>(7,606,496)</b>
Effect of changes in the value of cash	3,019,965	(410,099)
<b>Net decreased in cash and cash equivalents</b>	<b>7,033,082</b>	<b>(9,317,903)</b>
Cash and cash equivalents at beginning of period	30,857,090	38,829,598
Cash and cash equivalents at end of period	<b>\$ 37,890,172</b>	<b>\$ 29,511,695</b>

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