

# 2Q20 Results



Walmart México y Centroamérica

July 23, 2020

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# WALMEX'S Response to COVID-19

#NosCuidamos  
EntreTodos



Our priority: keeping our associates and customers safe



#NosCuidamos  
EntreTodos





# We are **supporting** our **customers**, **business partners** and the **communities** in which we operate



**Reinforcing  
Every Day  
Low Prices**



**Helping  
communities**



**Supporting  
other frontline  
workers**



**Aiding  
small suppliers  
and tenants**

**#NosCuidamos  
EntreTodos**

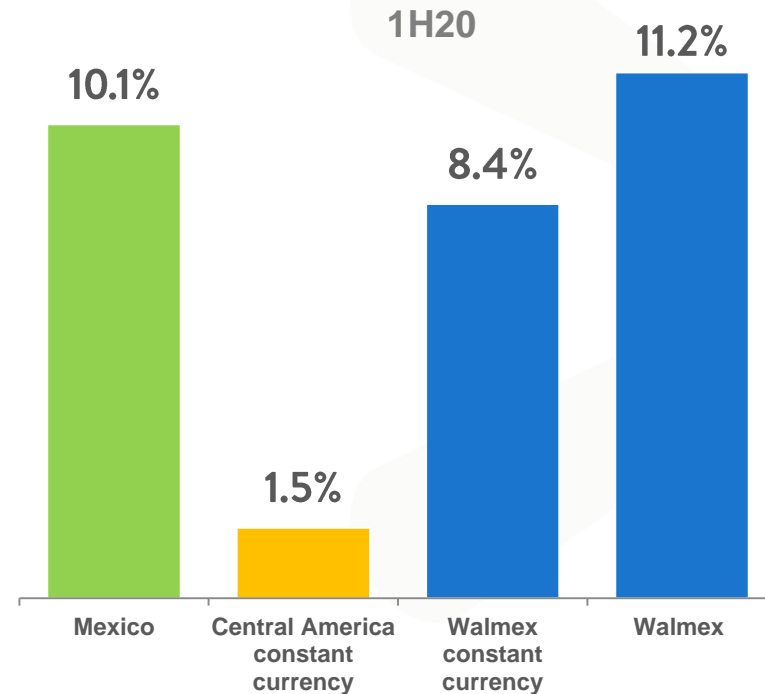
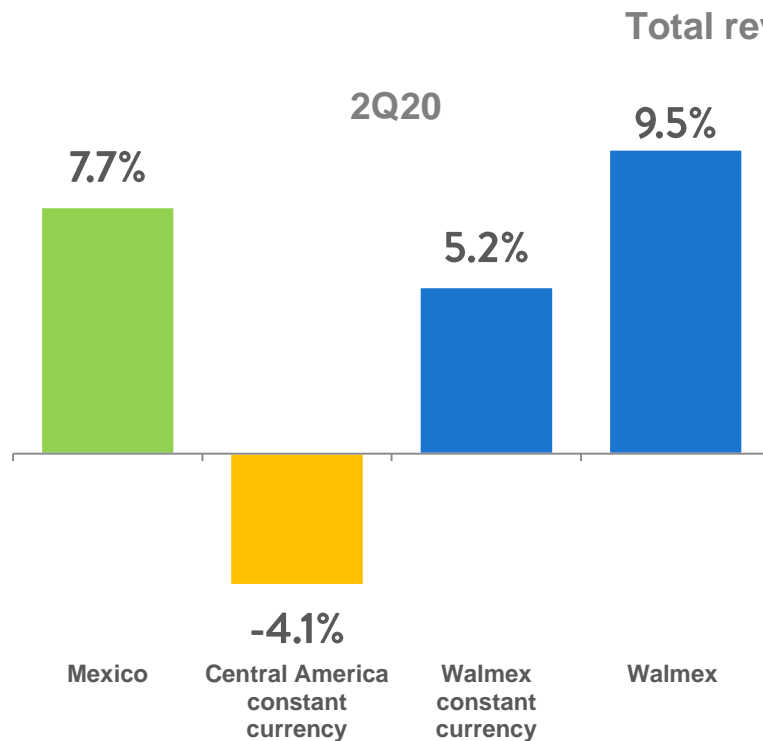


# SALES PERFORMANCE

Guilherme Loureiro



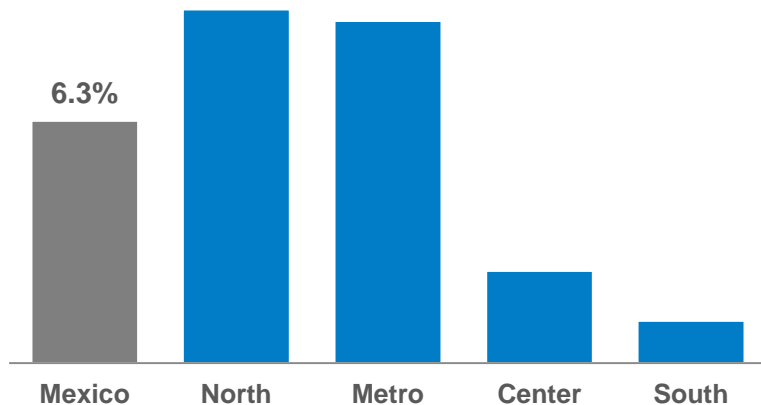
## In 2Q20 consolidated total revenues grew 9.5%



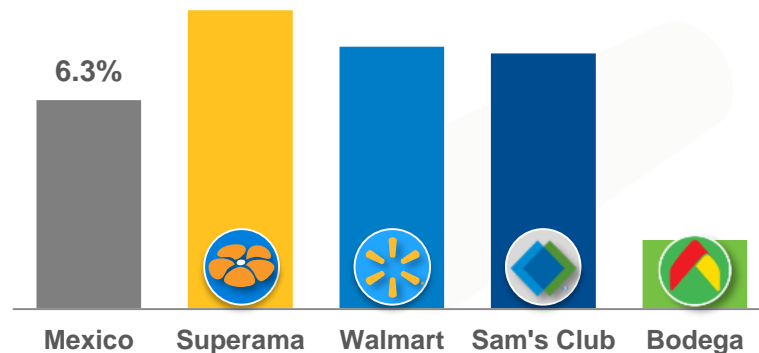
# All regions and formats in Mexico had a positive performance

## 2Q20 – Same-store sales growth (%)

By Region in Mexico



By Format in Mexico

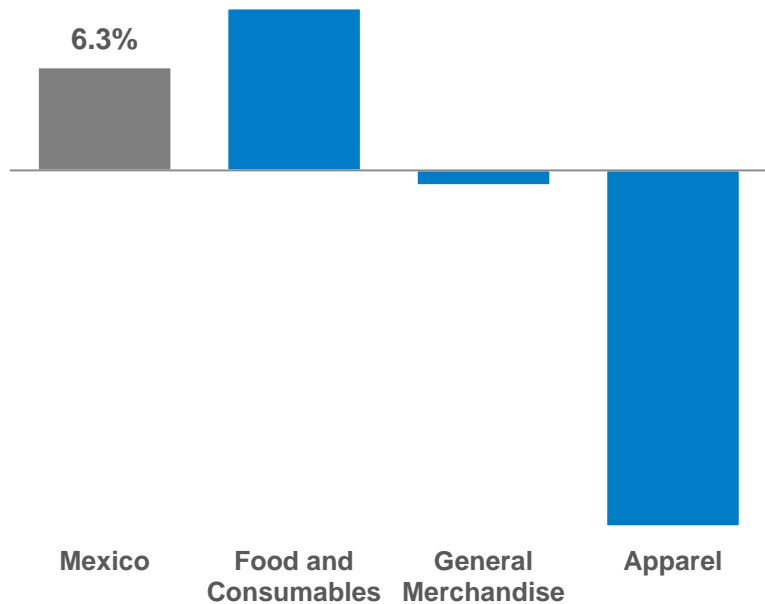




# Growth was driven by our core categories

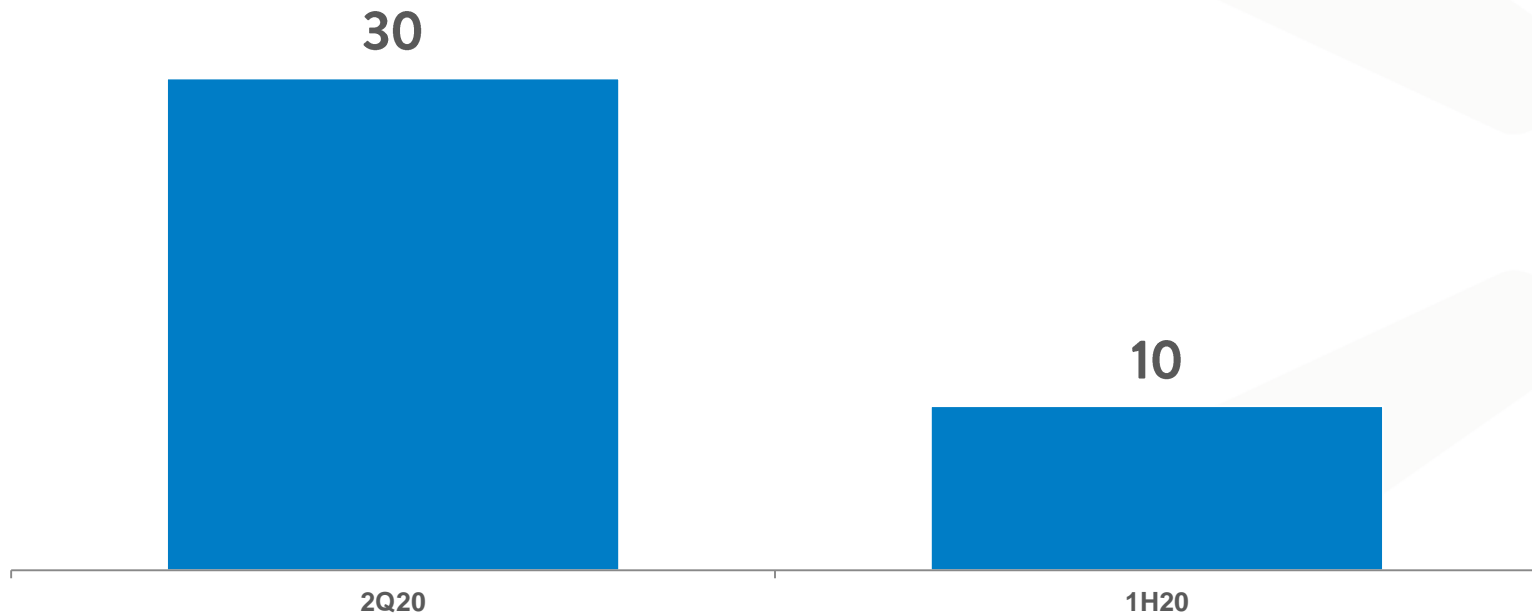
2Q20 – Same-store sales growth (%)

By Division in Mexico



# In 2Q20 we grew ahead of the market

Walmex Gap vs. ANTAD<sup>1</sup> - Same-store sales growth (bps)

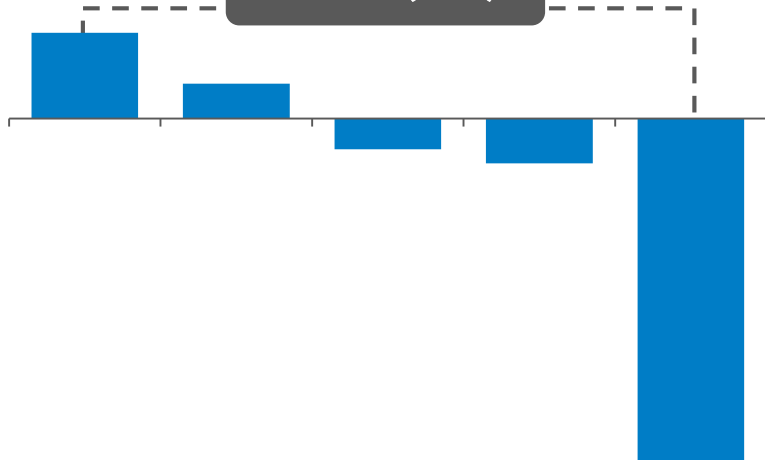


# Social distancing measures impacted Central America's sales growth

2Q20 – Same-store sales growth (%)

By Country in Central America

CAM<sup>1</sup> = (6.1%)



El Salvador Nicaragua Guatemala Costa Rica Honduras



## We continue investing in the region...



**12**  
New stores

**6**  
Mexico

**6**  
Central America

**1.7%**  
Contribution  
to total sales growth

...and innovating to serve our customers better



705

stores

24

states

Starting at \$50 pesos  
per week



# OMNICHANNEL

Ignacio Caride





# We built capacity to provide an essential service to our customers



**2X**  
LAST MILE  
CAPACITY



**72 hrs**  
TO ENABLE  
THE SERVICE



**430**  
STORES OFFERING  
SAME-DAY DELIVERY



**+2,600**  
PICKERS  
HIRED

# Launched new omnichannel solutions to serve different types of customers



**sams.com.mx**  
ON-DEMAND LAUNCH



**bodegaurrera.com.mx**  
GM SITE LAUNCH

# Reinforced capabilities to support growth momentum





# Strong growth during the “Hot Sale” event



Sam's CLUB

Los mejores productos para seguir adelante

**HOT SALE**

**SAMSUNG**  
SMART TV 4K QLED 55"

Compra en [sams.com.mx](https://sams.com.mx) sin salir de casa

Del 22 de mayo al 1 de junio  
Consulta términos y condiciones en [sams.com.mx](https://sams.com.mx)



Sam's CLUB

Los mejores productos para seguir adelante

Del 22 de mayo al 1 de junio

**HOT SALE**

Hisense Linea 2020  
SMART TV 4K UHD 43" \$5,299

SAMSUNG  
SMART TV 4K QLED 55" \$17,999

HP

Alibaba hasta 20% de ahorro

Alibaba \$300 de descuento

Serta

4x3 En vinos y licores



**HOT SALE**

¡PRECIOS QUE TE SORPRENDERÁN!

BodegaAurrera en línea



**HOT SALE**

¡PRECIOS QUE TE SORPRENDERÁN!

BodegaAurrera en línea

¡Espéralo!

del 22 de mayo al 1 de junio 2020.



**HOT SALE**

**AHORROS PARA TODOS**

Walmart [com.mx](https://walmart.com.mx)

Válido del 22 de mayo al 01 de junio



**HOT SALE**

**AHORROS PARA TODOS**

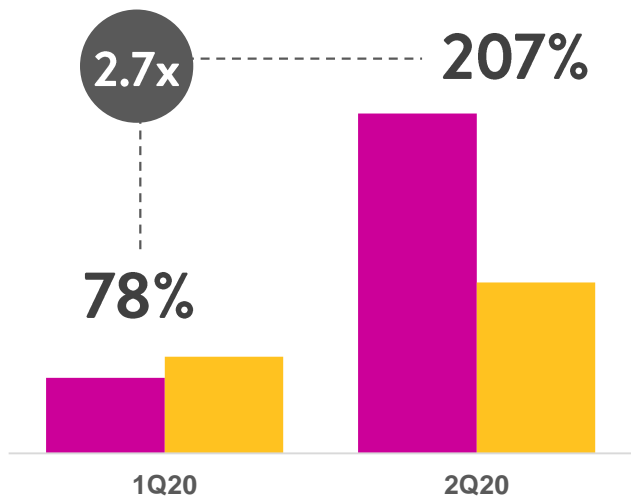
Walmart [com.mx](https://walmart.com.mx)

# Omnichannel growth is further accelerating

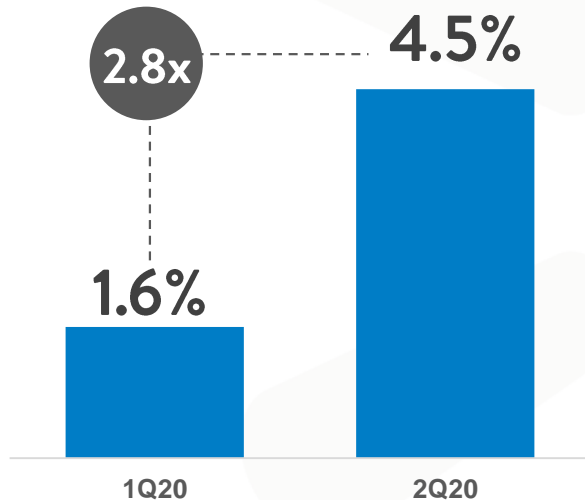
eCommerce (Mexico)

Grocery  
GM

GMV Growth



% of total sales



Net Sales  
Growth

68%

217%

Contribution to  
total sales growth

0.7%

3.3%

# Thank you!

#NosCuidamos  
EntreTodos







## 2Q20 RESULTS

Milton Brandt



## According to its nature, the payment to the tax authorities in Mexico was registered under four concepts:

(MX\$ Million)	\$
<b>General expenses - VAT</b>	<b>1,813</b>
<b>Financial expenses – Inflation adjustment</b>	<b>2,406</b>
<b>Income Tax</b>	<b>3,856</b>
<b>Income tax paid in advance (Balance Sheet)</b>	<b>4</b>
<b>Total</b>	<b>8,079</b>

- The full amount was paid in May 2020.
- According to the accounting standard IAS 12, the income tax is recognized as an expense and included in the year it is expensed or accrued.
- According to the accounting standard IAS 34, the tax effect of 'one-time event' should not be included in the likely effective annual rate, but it should be recognized in the same period as the relevant 'one-time event'.

## In Mexico EBITDA margin was 9.4%

### Mexico 2Q20 results

(MX\$ Millions)	2Q20		2Q19		Var.
	\$	%	\$	%	%
<b>Total revenue</b>	136,648	100.0	126,898	100.0	7.7
<b>Gross margin</b>	30,897	22.6	28,386	22.4	8.8
<b>General expenses</b>	21,326	15.6	18,161	14.3	17.4
<b>Earnings before other income, net</b>	9,571	7.0	10,225	8.1	(6.4)
<b>Other income, net</b>	(18)	(0.0)	117	0.1	(1.2x)
<b>Operating income</b>	9,553	7.0	10,342	8.1	(7.6)
<b>EBITDA</b>	12,913	9.4	13,592	10.7	(5.0)

X=times

# Excluding the payment to the SAT, EBITDA margin would have expanded 10 bps in Mexico

## Mexico 2Q20 results - Excluding payment to SAT

(MX\$ Millions)	2Q20		2Q19		Var.
	\$	%	\$	%	%
<b>Total revenue</b>	136,648	100.0	126,898	100.0	7.7
<b>Gross margin</b>	30,897	22.6	28,386	22.4	8.8
<b>General expenses</b>	19,513	14.3	18,161	14.3	7.4
<b>Earnings before other income, net</b>	11,385	8.3	10,225	8.1	11.3
<b>Other income, net</b>	(18)	(0.0)	117	0.1	(1.2x)
<b>Operating income</b>	11,366	8.3	10,342	8.1	9.9
<b>EBITDA</b>	14,726	10.8	13,592	10.7	8.3

X=times

# In Central America we continue to focus on expense control, excluding the royalty payment EBITDA would have expanded by 20 bps

## Central America 2Q20 results

(MX\$ Millions)	2Q20		2Q19		Var. (%)	
	\$	%	\$	%	Peso terms	On a constant currency basis
<b>Total revenue</b>	32,378	100.0	27,452	100.0	17.9	(4.1)
<b>Gross margin</b>	7,637	23.6	6,524	23.8	17.1	(4.8)
<b>General expenses</b>	6,025	18.6	4,791	17.5	25.8	2.3
<b>Earnings before other income, net</b>	1,612	5.0	1,733	6.3	(7.0)	(24.4)
<b>Other income, net</b>	(16)	(0.0)	5	0.0	(4.0x)	(3.4x)
<b>Operating income</b>	1,596	4.9	1,738	6.3	(8.2)	(25.3)
<b>EBITDA</b>	2,821	8.7	2,684	9.8	5.1	(14.5)

X=times

## 2Q20 net income was impacted by non-recurring items

### Walmex Consolidated 2Q20 results

(MX\$ Millions)	2Q20		2Q19		Var.
	\$	%	\$	%	%
<b>Total revenue</b>	169,026	100.0	154,350	100.0	9.5
<b>Gross margin</b>	38,534	22.8	34,910	22.6	10.4
<b>General expenses</b>	27,351	16.2	22,952	14.9	19.2
<b>Earnings before other income, net</b>	11,183	6.6	11,958	7.7	(6.5)
<b>Other income, net</b>	(34)	(0.0)	122	0.0	(1.3x)
<b>Operating income</b>	11,149	6.6	12,080	7.8	(7.7)
<b>EBITDA</b>	15,734	9.3	16,276	10.5	(3.3)
<b>Net Income</b>	1,662	1.0	8,751	5.7	(81.0)

X=times



# Underlying results were positive

Walmex Consolidated - Excluding payment to SAT & CAM royalties

(MX\$ Millions)	2Q20		2Q19		Var.
	\$	%	\$	%	%
<b>Total revenue</b>	169,026	100.0	154,350	100.0	9.5
<b>Gross margin</b>	38,534	22.8	34,910	22.6	10.4
<b>General expenses</b>	25,121	14.9	22,952	14.9	9.5
<b>Earnings before other income, net</b>	13,413	7.9	11,958	7.7	12.2
<b>Other income, net</b>	(34)	(0.0)	122	0.0	(1.3x)
<b>Operating income</b>	13,379	7.9	12,080	7.8	10.8
<b>EBITDA</b>	17,964	10.6	16,276	10.5	10.4
<b>Net Income</b>	10,053	5.9	8,751	5.7	14.9

X=times



# 1H20 RESULTS

Milton Brandt



# For the 1H20, total revenues in Mexico grew 10.1% and EBITDA grew 6.6%

## Mexico 1H20 results

(MX\$ Millions)	1H20		1H19		Var.
	\$	%	\$	%	%
<b>Total revenue</b>	276,929	100.0	251,608	100.0	10.1
<b>Gross margin</b>	62,462	22.6	56,388	22.4	10.8
<b>General expenses</b>	40,303	14.6	35,644	14.2	13.1
<b>Earnings before other income, net</b>	22,159	8.0	20,744	8.2	6.8
<b>Other income, net</b>	203	0.1	129	0.1	57.1
<b>Operating income</b>	22,362	8.1	20,873	8.3	7.1
<b>EBITDA</b>	29,124	10.5	27,326	10.9	6.6

# In Central America total revenues grew 1.5% and EBITDA margin contracted 100 bps

## Central America 1H20 results

	1H20		1H19		Var. (%)	
	\$	%	\$	%	Peso terms	On a constant currency basis
<i>(MX\$ Millions)</i>						
<b>Total revenue</b>	63,431	100.0	54,476	100.0	16.4	1.5
<b>Gross margin</b>	15,136	23.9	13,019	23.9	16.3	1.4
<b>General expenses</b>	11,737	18.5	9,536	17.5	23.1	7.3
<b>Earnings before other income, net</b>	3,399	5.4	3,483	6.4	(2.4)	(14.9)
<b>Other income, net</b>	28	0.0	63	0.1	(55.6)	(58.8)
<b>Operating income</b>	3,427	5.4	3,546	6.5	(3.4)	(15.7)
<b>EBITDA</b>	5,660	8.9	5,412	9.9	4.6	(8.7)

# Consolidated total revenues grew 11.2% and EBITDA grew 6.3%

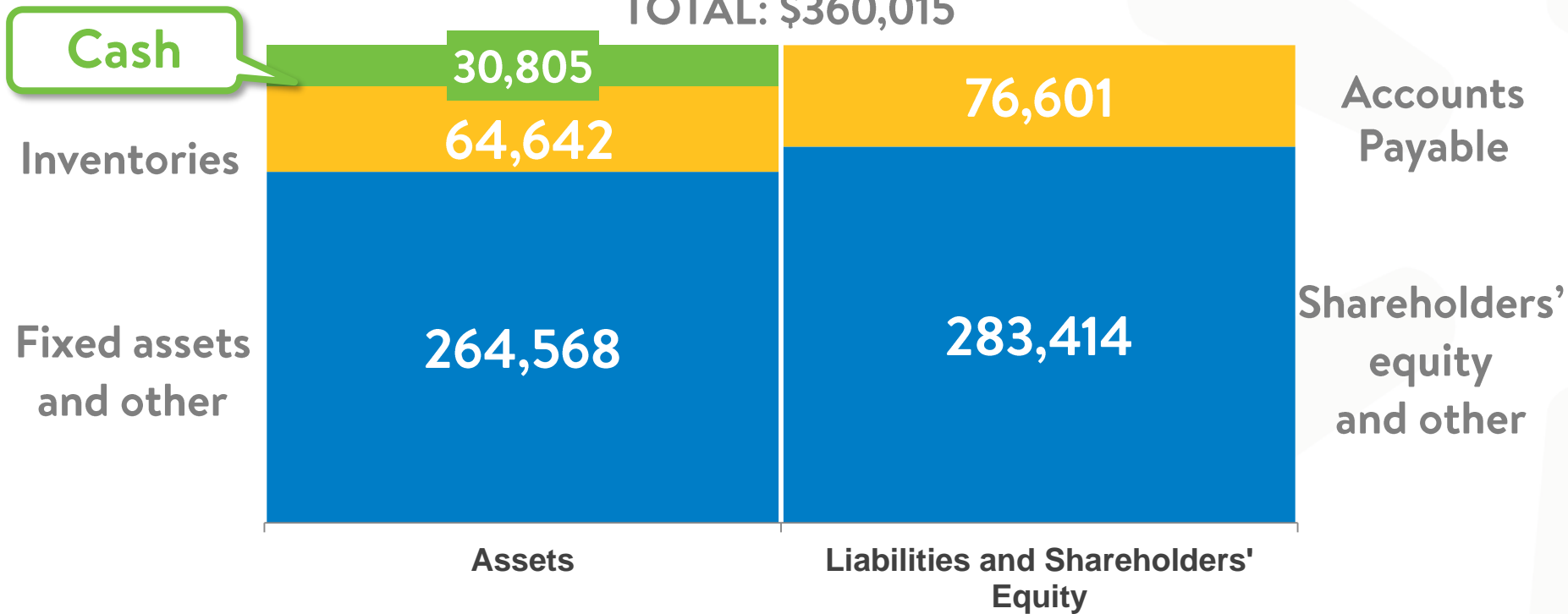
## Walmex Consolidated 1H20 results

(MX\$ Millions)	1H20		1H19		Var.
	\$	%	\$	%	%
<b>Total revenue</b>	340,360	100.0	306,084	100.0	11.2
<b>Gross margin</b>	77,598	22.8	69,407	22.7	11.8
<b>General expenses</b>	52,040	15.3	45,180	14.8	15.2
<b>Earnings before other income, net</b>	25,558	7.5	24,227	7.9	5.5
<b>Other income, net</b>	231	0.1	192	0.1	20.2
<b>Operating income</b>	25,789	7.6	24,419	8.0	5.6
<b>EBITDA</b>	34,784	10.2	32,738	10.7	6.3
<b>Net Income</b>	11,660	3.4	17,415	5.7	(33.0)

# Financial strength

Balance sheet statement  
(June 30, 2020 – MX\$ Million)

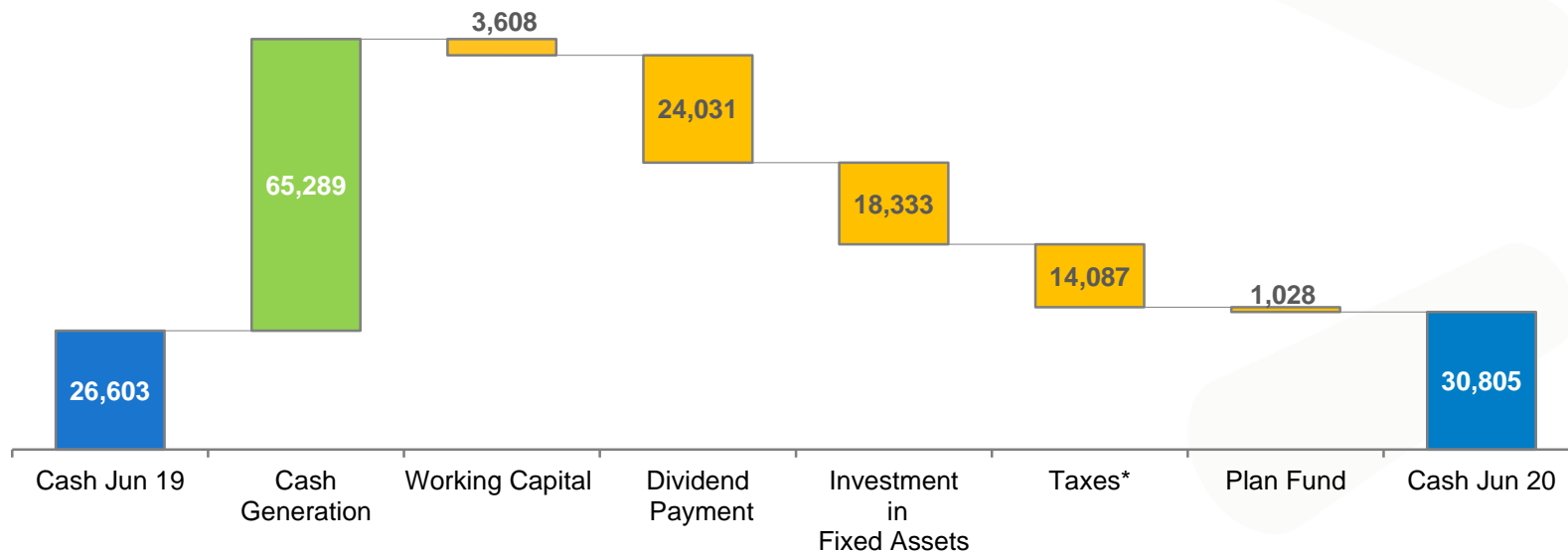
**TOTAL: \$360,015**





# Strong cash flow generation despite one-time effects

Sources and uses of cash – MX\$ Million



# 2Q20 Results



Walmart México y Centroamérica

July 23, 2020