

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

FREE TRANSLATION, NOT TO THE LETTER

Mexico City, October 22, 2020

## Financial Results

Today **Wal-Mart de México, S.A.B. de C.V. (BMV: WALMEX)** reported financial results for the third quarter of 2020. Total revenues increased **6.7%**. EBITDA for the quarter amounted to **\$18.3 billion pesos**, which represented **11.0%** of total revenues, an increase of **3.3%** over last year's levels.

Main figures are:

Results July - September	2020		2019		Growth
	Million \$MXN	%	Million \$MXN	%	%
Net Sales	164,154		153,773		6.8
Other Income	1,232		1,246		(1.1)
<b>Total Revenues</b>	<b>165,386</b>	<b>100.0</b>	<b>155,019</b>	<b>100.0</b>	<b>6.7</b>
Cost of Sales	126,291	76.4	118,492	76.4	6.6
<b>Gross Profit</b>	<b>39,095</b>	<b>23.6</b>	<b>36,527</b>	<b>23.6</b>	<b>7.0</b>
General Expenses	25,448	15.4	23,257	15.0	9.4
<b>Income before Other Income Net</b>	<b>13,647</b>	<b>8.3</b>	<b>13,270</b>	<b>8.6</b>	<b>2.8</b>
Other Income (Expenses) - Net	136	0.1	114	0.1	19.7
<b>Operating Income</b>	<b>13,783</b>	<b>8.3</b>	<b>13,384</b>	<b>8.6</b>	<b>3.0</b>
Financial Income (Expenses) - Net	(1,447)	(0.9)	(1,333)	(0.9)	8.5
Taxes	(3,164)	(1.9)	(2,800)	(1.8)	13.0
<b>Net Income</b>	<b>9,172</b>	<b>5.5</b>	<b>9,251</b>	<b>6.0</b>	<b>(0.9)</b>
<b>EBITDA</b>	<b>18,257</b>	<b>11.0</b>	<b>17,677</b>	<b>11.4</b>	<b>3.3</b>
EPS (in pesos)	0.525		0.530		(0.9)

EPS= Earnings per share  
\*Not audited

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Results January – September	2020		2019		Growth
	Million \$MXN	%	Million \$MXN	%	%
Net Sales	501,987		457,456		9.7
Other Income	3,759		3,647		3.1
<b>Total Revenues</b>	<b>505,746</b>	<b>100.0</b>	<b>461,103</b>	<b>100.0</b>	<b>9.7</b>
Cost of Sales	389,052	76.9	355,169	77.0	9.5
<b>Gross Profit</b>	<b>116,694</b>	<b>23.1</b>	<b>105,934</b>	<b>23.0</b>	<b>10.2</b>
General Expenses	77,489	15.3	68,437	14.8	13.2
<b>Income before Other Income Net</b>	<b>39,205</b>	<b>7.8</b>	<b>37,497</b>	<b>8.1</b>	<b>4.6</b>
Other Income (Expenses) - Net	368	0.1	306	0.1	20.0
<b>Operating Income</b>	<b>39,573</b>	<b>7.8</b>	<b>37,803</b>	<b>8.2</b>	<b>4.7</b>
Financial Income (Expenses) - Net	(6,792)	(1.3)	(3,410)	(0.7)	99.2
Taxes	(11,949)	(2.4)	(7,727)	(1.7)	54.6
<b>Net Income</b>	<b>20,832</b>	<b>4.1</b>	<b>26,666</b>	<b>5.8</b>	<b>(21.9)</b>
<b>EBITDA</b>	<b>53,041</b>	<b>10.5</b>	<b>50,415</b>	<b>10.9</b>	<b>5.2</b>
EPS (in pesos)	1.193		1.527		(21.9)

EPS= Earnings per share  
\*Not audited

## Openings Q3 2020

### Mexico: 19 units

- 16 Bodegas Aurrerá
  - o 3 Bodega Aurrerá
  - o 3 Mi Bodega
  - o 10 Bodega Aurrerá Express
- 2 Walmart
- 1 Sam's Club

### Central America: 5 units

- 2 Walmart
- 3 Discount stores

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## Installed Capacity

Sales Area in m <sup>2</sup> (September 30, 2020)		
Format	Mexico	Central America
Bodegas and Discount Stores	2,910,618	480,618
Walmarts	2,127,424	180,325
Sam's Clubs	1,171,963	
Supermarkets	150,787	136,849
<b>Total</b>	<b>6,360,792</b>	<b>797,792</b>

## Other Events

Today at the meeting of the Board of Directors, Lori Flees announced her resignation as director of the Company, effective as of the date hereof. Recently, Lori was designated COO of Walmart's Health and Wellness business, to which she will devote her fulltime efforts. The Board acknowledged her resignation, appreciated, and thanked Lori Flees for her service at the Board of Walmex for the last 5 years. The Company also informed that no replacement will be made at this time for Lori Flees, as the Company intends to propose to fill vacancies and make other changes in the next general annual ordinary shareholders meeting, scheduled to take place in late March 2021.

**Walmart de México y Centroamérica** ranked 3<sup>rd</sup> place in "The 500 most important companies in Mexico" by Grupo Expansión due to the generation of more than 200 thousand jobs, as well as the company's Corporate Integrity efforts. **Sam's Club** was also included in the ranking in the 34<sup>th</sup> place.

**Walmart de México y Centroamérica** was recognized by the Corporate Responsibility Business Monitor (MERCOS), with the 1<sup>st</sup> place in the self-service category and with the 3<sup>rd</sup> place in general, as one of the companies with the best reputation in the country.

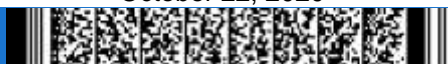
Guilherme Loureiro, CEO of **Walmart México y Centroamérica**, was recognized in the ranking "The 100 leaders with the best reputation in Mexico" by MERCOS with the 13<sup>th</sup> position, for his strategic and commercial vision, international projection, ethical behavior and social responsibility.

**Walmart de México y Centroamérica** was recognized with the first position in the Report: "Progress of companies in the SDGs", standing out for its contribution to the compliance of the UN Sustainable Development Goals, through its ESG's (Environmental, Social and Corporate Governance) strategy, programs, projects and activities.

**Walmart de México y Centroamérica** obtained the 13<sup>th</sup> position in the ranking "Super Work Spaces" by Grupo Expansión, for being a company that focuses on offering life quality to its associates (employees) and fostering a healthy and positive work environment through workspaces.

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## Conference Call

Walmart de México y Centroamerica will hold a webcast today at 3:30 PM (CT) regarding third 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 **September, 2020**, it operated **3,452** units, broken down as follows:

<b>2,599 Mexico</b>	<b>853 Central America</b>
2,060 Bodegas Aurrerá:	562 Discount Stores
548 Bodegas	100 Supermarkets
399 Mi Bodegas	35 Walmarts
1,113 Bodegas Express	156 Bodegas
282 Walmarts	
164 Sam's Clubs	
93 Superamas	

## Ticker Symbols

<b>Mexican Stock Exchange:</b>	<b>Bloomberg:</b>	<b>Reuters:</b>	<b>ADR's sponsored program:</b>
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)

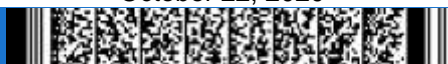
[www.superama.com.mx](http://www.superama.com.mx)

## Contact us

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

	Quarter I					Quarter II					Quarter III				
	2020		2019		%	2020		2019		%	2020		2019		% de
	\$	% Sales.	\$	% Sales.		Growth	\$	% Sales.	\$		% Sales.	Growth	\$	% Sales.	
Net Sales	169,957		150,534		12.9	167,875		153,149		9.6	164,154		153,773		6.8
Other Revenues	1,377		1,200		14.7	1,151		1,201		(4.2)	1,232		1,246		(1.1)
Total Revenues	171,334	100.0	151,734	100.0	12.9	169,026	100.0	154,350	100.0	9.5	165,386	100.0	155,019	100.0	6.7
Cost of Sales	(132,270)	(77.2)	(117,237)	(77.3)	12.8	(130,492)	(77.2)	(119,440)	(77.4)	9.3	(126,291)	(76.4)	(118,492)	(76.4)	6.6
<b>Gross Profit</b>	<b>39,064</b>	<b>22.8</b>	<b>34,497</b>	<b>22.7</b>	<b>13.2</b>	<b>38,534</b>	<b>22.8</b>	<b>34,910</b>	<b>22.6</b>	<b>10.4</b>	<b>39,095</b>	<b>23.6</b>	<b>36,527</b>	<b>23.6</b>	<b>7.0</b>
General Expenses	(24,689)	(14.4)	(22,228)	(14.6)	11.1	(27,351)	(16.2)	(22,952)	(14.9)	19.2	(25,448)	(15.4)	(23,257)	(15.0)	9.4
<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>	<b>11,183</b>	<b>6.6</b>	<b>11,958</b>	<b>7.7</b>	<b>(6.5)</b>	<b>13,647</b>	<b>8.3</b>	<b>13,270</b>	<b>8.6</b>	<b>2.8</b>
Other Income (expenses) - Net	265	0.2	70	—	2.8 x	(34)	—	122	—	(1.3) x	136	0.1	114	0.1	19.7
<b>Operating Income</b>	<b>14,640</b>	<b>8.5</b>	<b>12,339</b>	<b>8.1</b>	<b>18.6</b>	<b>11,149</b>	<b>6.6</b>	<b>12,080</b>	<b>7.8</b>	<b>(7.7)</b>	<b>13,783</b>	<b>8.3</b>	<b>13,384</b>	<b>8.6</b>	<b>3.0</b>
Financial Income (Expenses) – Net	(1,610)	(0.9)	(1,002)	(0.7)	60.6	(3,735)	(2.2)	(1,074)	(0.7)	247.6	(1,447)	(0.9)	(1,333)	(0.9)	8.5
<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>	<b>7,414</b>	<b>4.4</b>	<b>11,006</b>	<b>7.1</b>	<b>(32.6)</b>	<b>12,336</b>	<b>7.5</b>	<b>12,051</b>	<b>7.8</b>	<b>2.4</b>
Taxes on profits	(3,033)	(1.8)	(2,673)	(1.8)	13.5	(5,752)	(3.4)	(2,255)	(1.5)	155.1	(3,164)	(1.9)	(2,800)	(1.8)	13.0
<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>1,662</b>	<b>1.0</b>	<b>8,751</b>	<b>5.7</b>	<b>(81.0)</b>	<b>9,172</b>	<b>5.5</b>	<b>9,251</b>	<b>6.0</b>	<b>(0.9)</b>
<b>EBITDA</b>	<b>19,050</b>	<b>11.1</b>	<b>16,462</b>	<b>10.8</b>	<b>15.7</b>	<b>15,734</b>	<b>9.3</b>	<b>16,276</b>	<b>10.5</b>	<b>(3.3)</b>	<b>18,257</b>	<b>11.0</b>	<b>17,677</b>	<b>11.4</b>	<b>3.3</b>
Earnings per Share (in pesos)	0.573		0.496		15.4	0.095		0.501		(81.0)	0.525		0.530		(0.9)

x=times

\*Not audited

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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)

	<b>For the period of nine months ended</b>	
	<b>September 30</b>	
	<b>2020</b>	<b>2019</b>
Net sales	501,986,419	457,456,101
Other revenues	3,759,426	3,646,694
Total revenues	505,745,845	461,102,795
Cost of sales	(389,052,031)	(355,168,632)
Gross profit	116,693,814	105,934,163
General expenses	(77,489,037)	(68,437,718)
Income before other income and expenses	39,204,777	37,496,445
Other income	817,534	813,446
Other expenses	(449,615)	(506,799)
Operating Income	39,572,696	37,803,092
Financial income	2,623,884	1,595,525
Financial expenses	(9,415,607)	(5,005,315)
Income before income taxes	32,780,973	34,393,302
Income taxes	(11,949,162)	(7,727,124)
Consolidated net income	\$ 20,831,811	\$ 26,666,178
Cumulative translation adjustment	10,197,923	1,850,727
Other comprehensive income items	10,197,923	1,850,727
Comprehensive income	\$ 31,029,734	\$ 28,516,905
Basic earnings per share (in pesos)	1.193	1.527
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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)

	<b>September 30</b>	
	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 38,348,327	\$ 20,555,426
Accounts receivable, net	13,254,950	10,740,726
Inventories	71,872,235	68,621,215
Prepaid expenses and other assets	1,297,519	904,768
<b>Total current assets</b>	<b>124,773,031</b>	<b>100,822,135</b>
<b>Non-current assets:</b>		
Property and equipment, net	136,277,449	130,379,071
Right of use assets -net	51,394,367	48,504,776
Investment Properties, net	6,470,513	6,639,017
Intangible assets, net	42,412,282	38,009,927
Deferred tax assets	7,646,047	8,349,309
Other non-current assets	2,261,503	2,132,478
<b>Total assets</b>	<b>\$ 371,235,192</b>	<b>\$ 334,836,713</b>
<b>Liabilities and equity</b>		
<b>Current liabilities:</b>		
Accounts payable	\$79,872,759	\$74,932,341
Other accounts payable	50,548,388	32,535,229
Income Taxes payable	2,256,042	3,493,761
<b>Total current liabilities</b>	<b>132,677,189</b>	<b>110,961,331</b>
<b>Long-term liabilities:</b>		
Leases liabilities	57,289,344	52,465,859
Other long-term liabilities	4,309,447	4,613,588
Deferred tax liabilities	7,364,893	5,118,557
Employee benefits	2,388,612	1,583,316
<b>Total liabilities</b>	<b>204,029,485</b>	<b>174,742,651</b>
<b>Equity:</b>		
Capital stock	45,468,428	45,468,428
Retained earnings	98,761,197	98,365,151
Other comprehensive income	25,338,680	17,769,173
Premium on sale of shares	4,507,540	4,270,039
Employee stock option plan fund	(6,870,138)	(5,778,729)
<b>Total equity</b>	<b>167,205,707</b>	<b>160,094,062</b>
<b>Total liabilities and equity</b>	<b>\$ 371,235,192</b>	<b>\$ 334,836,713</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)

**For the period of nine months ended  
September 30**

	<b>2020</b>	<b>2019</b>
<b>Operating activities</b>		
Income before income taxes	\$ 32,780,973	\$ 34,393,302
Items related to investing activities:		
Depreciation and amortization	13,467,689	12,610,879
Loss from disposal of property and equipment	17,732	39,181
Interest earned	(751,859)	(983,046)
Stock option compensation expense	249,987	275,578
<b>Items related to financing activities:</b>		
Net Cost of the period. labor obligations	187,647	132,578
Unrealized, Exchange (Gain) Loss	(219,182)	44,796
Interest expense	54,057	95,605
Interest paid under finance leases	4,817,538	4,685,544
<b>Cash flow from operating activities</b>	<b>50,604,582</b>	<b>51,294,417</b>
Variances in:		
Accounts receivable	1,445,934	2,566,055
Inventories	(3,015,716)	(5,094,348)
Prepaid expenses and other assets	331,005	604,333
Accounts payable	(9,447,803)	(10,820,917)
Other accounts payable	(1,630,029)	(2,188,409)
Income tax paid	(11,277,620)	(7,443,985)
Employee benefits	(117,589)	(192,107)
<b>Net cash flow operating activities</b>	<b>26,892,764</b>	<b>28,725,039</b>
<b>Investing activities</b>		
Long-lived assets	(10,041,807)	(14,415,556)
interest collected	751,859	983,046
Proceeds from sale of property and equipment	197,091	156,436
Employee stock option plan fund	(1,287,959)	(672,781)
<b>Net cash flow (used in) from investing activities</b>	<b>(10,380,816)</b>	<b>(13,948,855)</b>
<b>Financing activities</b>		
Dividends paid	(4,664,594)	(26,618,467)
Payment of finance leases	(6,481,744)	(5,979,650)
Payment of liabilities leases	(54,057)	(95,605)
<b>Net cash flow (used in) from financing activities</b>	<b>(11,200,395)</b>	<b>(32,693,722)</b>
Effect of changes in the value of cash	2,179,684	(356,634)
<b>Net decreased in cash and cash equivalents</b>	<b>7,491,237</b>	<b>(18,274,172)</b>
Cash and cash equivalents at beginning of period	30,857,090	38,829,598
<b>Cash and cash equivalents at end of period</b>	<b>\$ 38,348,327</b>	<b>\$ 20,555,426</b>

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