

# Walmart

## México y Centroamérica



## Company Overview (MSE: Walmex)



This presentation is property of Wal-Mart de México S.A.B. de C.V. and is intended for the use of the company's shareholders and the investment community. It should not be reproduced in any way.

This presentation may contain certain references concerning Wal-Mart de México S.A.B. de C.V.'s future performance that should be considered as good faith estimates made by the Company.

These references only reflect management expectations and are based upon currently available data. Actual results are always subject to future events, risks and uncertainties, which could materially impact the Company's actual performance.

# Table of contents



History of Walmex

4



Walmex Today

11



Financial Information

29



Competitors

35



Walmex Resources

42



# History of Walmex



# History: founded in 1958

1958

Aurrerá  
start operations



Superama  
start operations

1959

1964

Vips Restaurants  
start operations



Bodega Aurrerá  
& Suburbia  
start operations

1970

1977

Cifra starts trading  
on the Mexican  
Stock Exchange



# History: Walmart's first international business

1991

Joint venture between  
Cifra and  
Wal-Mart Stores, Inc.

**CIFRA**  
&  
**WAL★MART®**



Walmart Supercenter  
start operations

1993

1997

Wal-Mart Stores, Inc.  
acquires majority  
position in  
Cifra - Tender offer  
on the MSE



Introduction of  
Every Day Low  
Prices

1999

2003

Walmart de México  
Foundation created

Fundación  
**Walmart**   
México

# History: “Bodegas” expansion & incorporation of Central America

2004

Mi Bodega  
start operations



Superama.com.mx  
Online grocery sales pilot

Wal-Mart Stores, Inc.  
acquires 33% of the  
shares of CARHCO  
(Central American Retail  
Holding Company)

2005

2007

License issued  
to operate  
a bank in Mexico



2008

Bodega Aurrerá  
Express expansion



2010

Walmart de México  
acquires  
100% of Walmart  
Centroamérica



Walmart México Walmart Centroamérica



# History: Sells its Restaurant Division, the Bank and Suburbia

2011

First Walmart Supercenter in Central America (Honduras)



Walmart.com.mx launches

2013

2014

Walmart de México y Centroamérica sells its restaurant division to Alsea



2017

Walmart de México y Centroamérica sells Suburbia to Liverpool

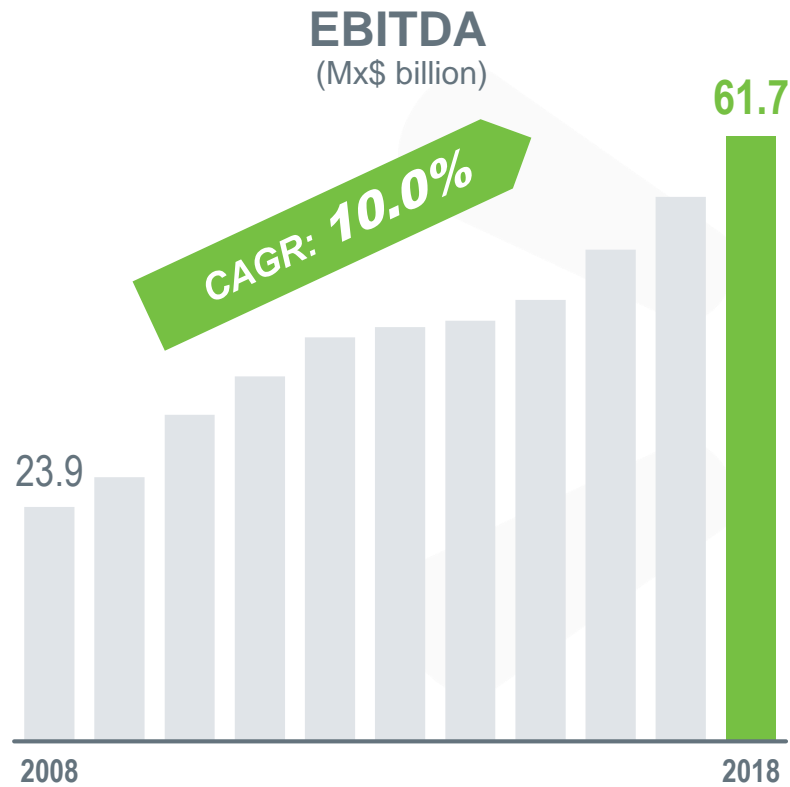
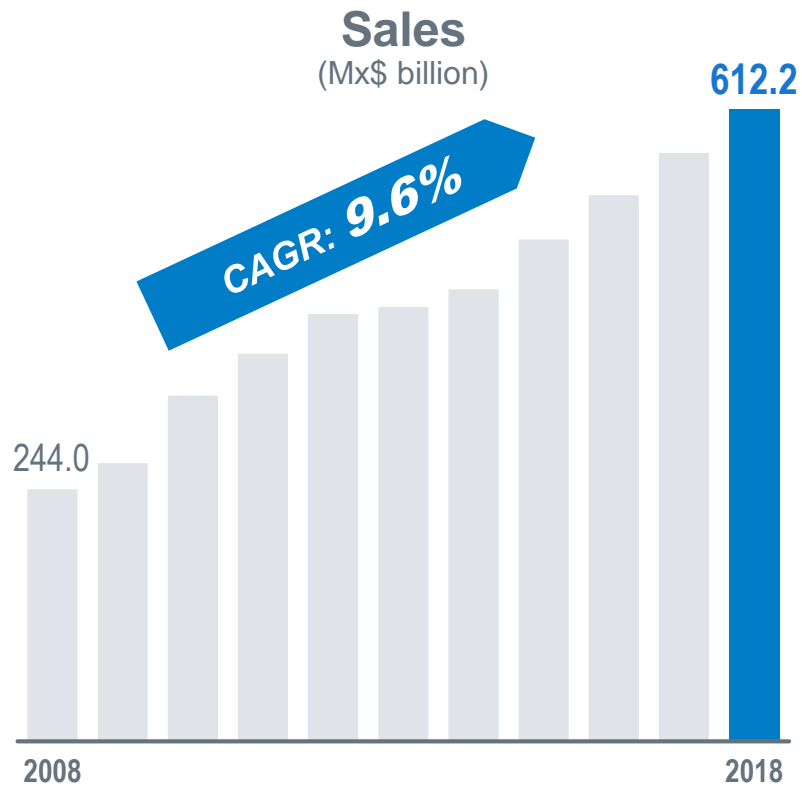


Walmart de México y Centroamérica sells its bank to Inbursa

2015

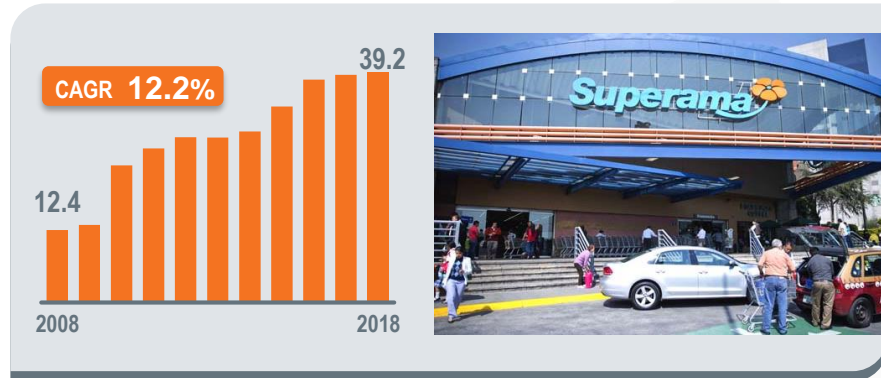


# Continuous profitable growth



# Growth across multiple formats

## Total Sales (Mx\$ billion)





# Walmex Today



# Walmex: Listed on the Mexican Stock Exchange

Wal-Mart Stores, Inc.

70%

30%



Mexican  
Stock  
Exchange

ADR: WMMVY OTCQX

Walmex



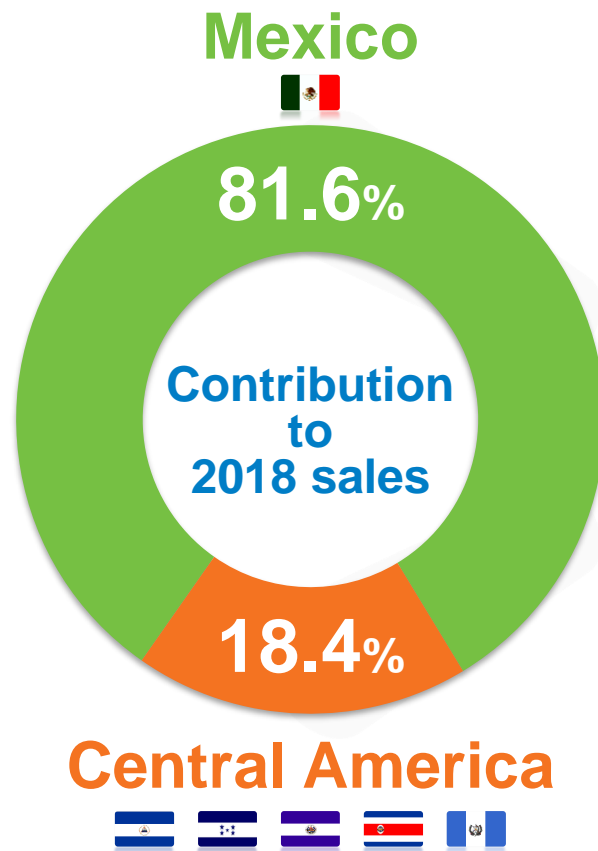
Mexican Stock Exchange  
Sustainable Index

- Market Cap: Mx\$ 872 bn<sup>1</sup>
- Weight on the MSE index: 7.1%<sup>2</sup>
- 3<sup>rd</sup> most traded stock on the MSE<sup>3</sup>

# Company description

As of September 30, 2019

Revenues (Mx\$ billion)	639*
Units	3,327
Countries	6
Cities	658
Business formats	4
eCommerce sites	3
Distribution centers	27
Associates (thousand)	235



## "Bodegas"

Basic general merchandise, food and household items at the best prices.



% of 2018 Walmex sales **45.3**

Customer target **C, D, E**

Cities\* **648**

Operating units\*

— Mexico **1,966**

— Central America **697**

	SQ. FT. (average)	SKUs (average)	Units	Approach
"Bodegas"	<b>43,592</b>	<b>32,000</b>	<b>531</b>	Weekly shopping
Bodega Aurrerá	<b>12,378</b>	<b>11,200</b>	<b>527</b>	Small towns
Discount	<b>3,670</b>	<b>4,400</b>	<b>1,605</b>	Fill-in trip





## Mama Lucha

She is the average Mexican housewife: she wants the best for her family, but faces a constant struggle (lucha in Spanish) to make ends meet.

She is Mexico's favorite **luchadora**, who fights against high prices together with Bodega Aurrerá. She brings the lowest prices to all families.







Value Drivers: Price and assortment



% of 2018 Walmex sales **27.8**

SQ. FT. (average) **79,219**

SKUs **90,000**

Customer target **A/B, C, D+**

Cities\* **96**

Prototypes **4**

**Operating units\***

— Mexico **277**

— Central America **32**



## Carrito



Carrito is the perfect shopping partner. He knows our customer better than anyone and he understands what motivates her to shop.

Only Carrito can join, advise and listen to our customer in order to help her find everything she needs when she comes to Walmart.

Qualities: Friendly, curious, helpful, observer, good listener, fun, responsible, practical, intelligent, ally, accomplice.





Neighborhood supermarkets with outstanding fresh and food departments at reasonable prices.

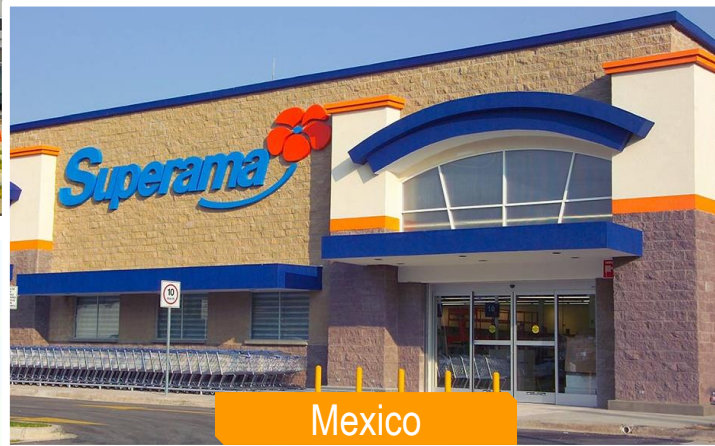


Value Drivers: Quality, convenience and service



% of 2018 Walmex sales	6.4
SQ. FT. (average)	16,038
SKUs	30,000
Customer target	A, B, C
Cities*	47
Prototypes	2
Operating units*	
– Mexico	93
– Central America	99

# Local format branding



# Membership warehouse clubs focused on businesses and high income households.



Value Drivers: Price leader, volume, new and unique merchandise



% of 2018 Walmex sales **20.5**

SQ. FT. (average) **76,743**

SKUs **4,500**

Customer target **A, B, C, D, Business**

Cities\* **86**

Prototypes **4**

Operating units\*

— Mexico **163**



## Business Member



## Individual Member



# Superama.com.mx: online grocery sales leader

## Web page



## Delivery



## Mobile Apps



## Call Center



# Walmart.com.mx: online general merchandise

## Differentiated catalogue



## Delivery



## Categories

- Audio
- Auto & tires
- Baby & toddler
- Books
- Cell Phones
- Computers & tablets
- TV's & video
- Sports
- Consumer Appliances
- Electronics
- Furniture
- Cameras
- Home
- Musical Instruments
- Jewelry & accessories
- Toys
- Books
- Pets
- Health & Beauty
- Video Games
- Patio & Garden

# Walmart.com.mx: groceries and perishables

## Categories

- Meal Solution, grains & pasta, snacks
- Pharmacy, Health & Beauty
- Beverages, Wine & liquor
- Cleaning Supplies & Pets
- Frozen Food
- Produce
- Dairy, Eggs & Cheese
- Meat, Seafood & Poultry
- Baby & toddler
- Deli
- Bakery & Bread

**Walmart.com.mx**

Encuentra la edición especial **Gracias Mamá**, dedicada al amor más grande e infinito.

**Limpieza y Mascotas**

Desinfectante, Lavaplatos y Lavavajillas, Desodorizantes, Mascotas, Jercera, Organización y Almacenamiento, Accesorios para Cocina, Recipientes y Olla.

**PRECIOS BAJOS TODOS LOS DÍAS**

Compra ahora

**Walmart.com.mx**

Descubre la gran variedad de productos

Compra ahora

**Extra Special**

Alimentos Gourmet y Especializados

Compra ahora

**Aurrera**

Alimentos básicos, procesados y gourmet básicos

Compra ahora

**O'Roy**

Alimentos y aperitivos para mascotas

Compra ahora

**Marketside**

Alimentos gourmet

Compra ahora

**equate**

Salud y belleza

Compra ahora

**TECH**

Productos para el cuidado del auto

Compra ahora

**walmart.com.mx**

Servicio a domicilio

Servicios

Info Corporativa

Departamentos



# Compra en línea sams.com.mx

Descarga la App  



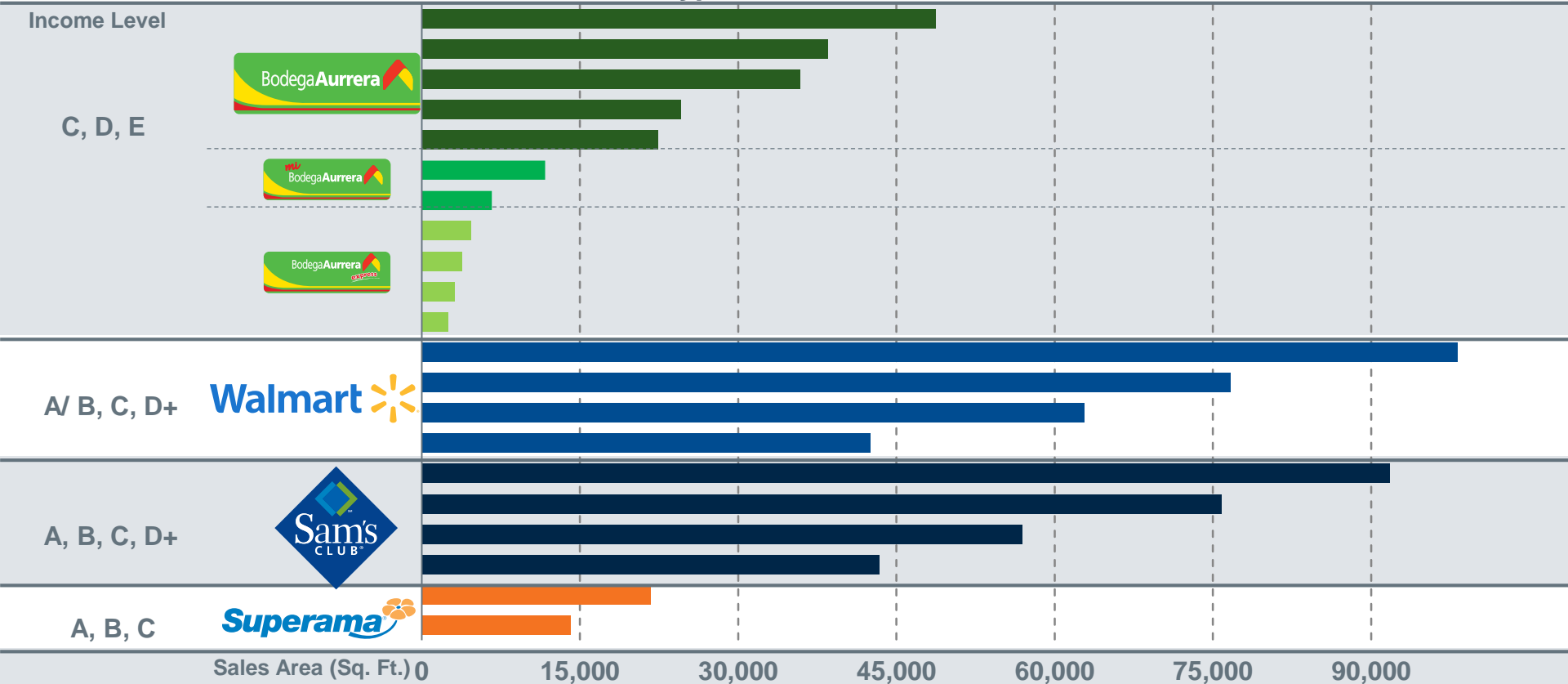
The screenshot shows the sams.com.mx website interface. At the top, there's a navigation bar with the 'Te da más' logo and search options. The main banner features a 'Regalos para mamá' promotion with a Sony TV and a family photo. Below this, there are several promotional tiles: 'Lanzamiento en línea' for motorcycles, a '\$50 pesos' membership offer, and a 'Centro de Negocios' for chefs. A 'RECOMENDADOS' section displays various products like a JVC TV, a JVC camera, a JVC drone, a JVC refrigerator, and a JVC air conditioner, each with a price tag. At the bottom, there's a 'DESTACADOS' section with images of a storage rack, a bag of rice, and a coffee maker.





# Flexible multiformat operation

## Flexible Prototypes



# Regional store presence

658 Cities with Walmex presence



# Efficient distribution network

28 Distribution Centers





# Financial Information





# Walmex: 3Q19 Results

(MX\$ Millions)	3Q19*		3Q18		Variation
	\$	%	\$	%	%
<b>Total revenues</b>	155,019	100.0	147,768	100.0	4.9
<b>Gross margin</b>	36,527	23.6	34,480	23.3	5.9
<b>General expenses</b>	23,257	15.0	22,115	15.0	5.2
<b>Earnings before other income, net</b>	13,270	8.6	12,365	8.4	7.3
<b>Other income, net</b>	114	0.1	17	0.0	5.8x
<b>Operating income</b>	13,384	8.6	12,382	8.4	8.1
<b>EBITDA</b>	17,677	11.4	16,233	11.0	8.9
<b>Income from continuing operations</b>	9,251	6.0	8,377	5.7	10.4

# Mexico: 3Q19 Results

(MX\$ Millions)	3Q19*		3Q18**		Variation
	\$	%	\$	%	%
<b>Total revenues</b>	126,975	100.0	120,732	100.0	5.2
<b>Gross margin</b>	29,614	23.3	27,792	23.0	6.6
<b>General expenses</b>	18,264	14.4	17,283	14.3	5.7
<b>Earnings before other income, net</b>	11,350	8.9	10,509	8.7	8.0
<b>Other income, net</b>	97	0.1	3	0.0	39.3x
<b>Operating income</b>	11,447	9.0	10,512	8.7	8.9
<b>EBITDA</b>	14,765	11.6	13,478	11.2	9.5

# Central America: 3Q19 Results

(MX\$ Millions)	3Q19*		3Q18		Variation (%)	
	\$	%	\$	%	Peso terms	On a constant currency basis
<b>Total revenues</b>	28,044	100.0	27,036	100.0	3.7	2.6
<b>Gross margin</b>	6,913	24.6	6,688	24.7	3.4	2.3
<b>General expenses</b>	4,993	17.8	4,832	17.9	3.3	2.2
<b>Earnings before other income, net</b>	1,920	6.8	1,856	6.9	3.4	2.3
<b>Other income, net</b>	17	0.1	14	0.1	19.7	18.4
<b>Operating income</b>	1,937	6.9	1,870	6.9	3.6	2.5
<b>EBITDA</b>	2,912	10.4	2,755	10.2	5.7	4.6

# Walmex: YTD19 Results

(MX\$ Millions)	YTD19*		YTD18		Variation
	\$	%	\$	%	%
<b>Total revenues</b>	461,103	100.0	439,489	100.0	4.9
<b>Gross margin</b>	105,934	23.0	101,078	23.0	4.8
<b>General expenses</b>	68,437	14.8	65,957	15.0	3.8
<b>Earnings before other income, net</b>	37,497	8.1	35,121	8.0	6.8
<b>Other income, net</b>	306	0.1	94	0.0	2.3x
<b>Operating income</b>	37,803	8.2	35,215	8.0	7.4
<b>EBITDA</b>	50,415	10.9	46,678	10.6	8.0
<b>Income from continuing operations</b>	26,666	5.8	24,114	5.5	10.6

# Mexico: YTD19 Results

(MX\$ Millions)	YTD19*		YTD18**		Variation
	\$	%	\$	%	%
<b>Total revenues</b>	378,583	100.0	357,807	100.0	5.8
<b>Gross margin</b>	86,003	22.7	81,285	22.7	5.8
<b>General expenses</b>	59,909	14.2	51,509	14.4	4.7
<b>Earnings before other income, net</b>	32,094	8.5	29,776	8.3	7.8
<b>Other income, net</b>	226	0.1	58	0.0	2.9x
<b>Operating income</b>	32,320	8.5	29,834	8.3	8.3
<b>EBITDA</b>	42,091	11.1	38,632	10.8	9.0

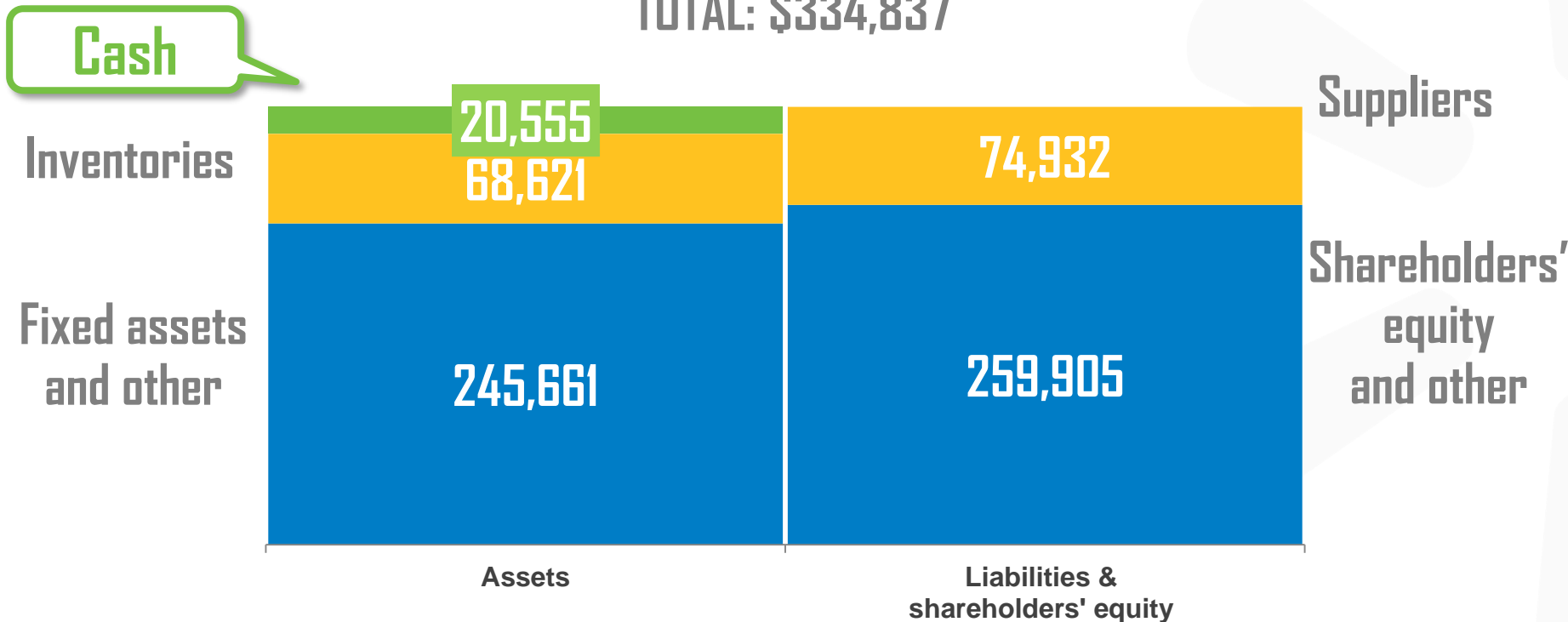
# Central America: YTD19 Results

(MX\$ Millions)	YTD19*		YTD18		Variation (%)	
	\$	%	\$	%	Peso terms	On a constant currency basis
<b>Total revenues</b>	82,520	100.0	81,682	100.0	1.0	3.2
<b>Gross margin</b>	19,931	24.2	19,793	24.2	0.7	2.8
<b>General expenses</b>	14,528	17.6	14,448	17.7	0.6	2.7
<b>Earnings before other income, net</b>	5,403	6.5	5,345	6.5	1.1	3.1
<b>Other income, net</b>	80	0.1	36	0.0	1.2x	1.2x
<b>Operating income</b>	5,483	6.6	5,381	6.6	1.9	3.9
<b>EBITDA</b>	8,324	10.1	8,047	9.9	3.4	5.6

# Financial strength

Balance sheet statement  
(September 30th 2019 – MX\$ Million)

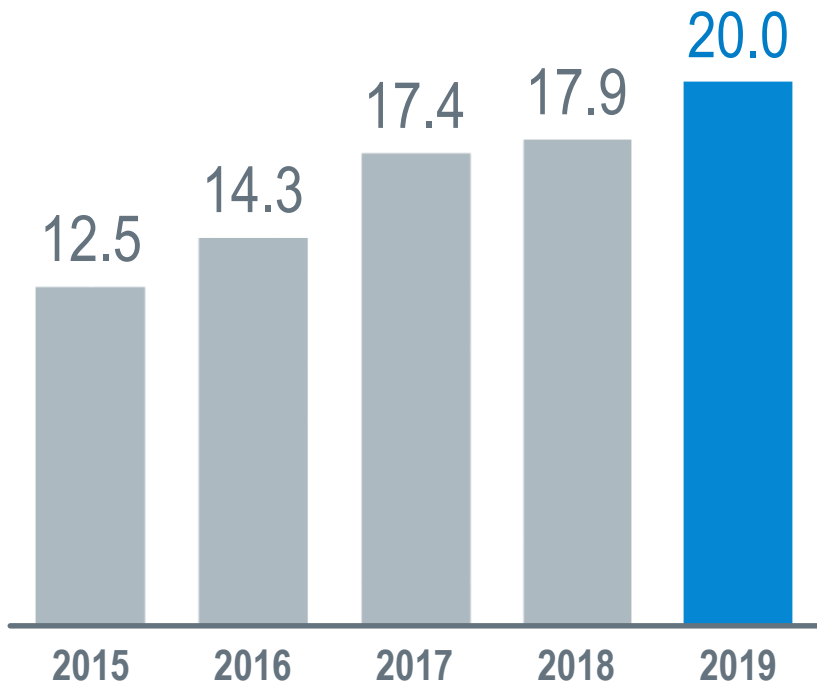
TOTAL: \$334,837



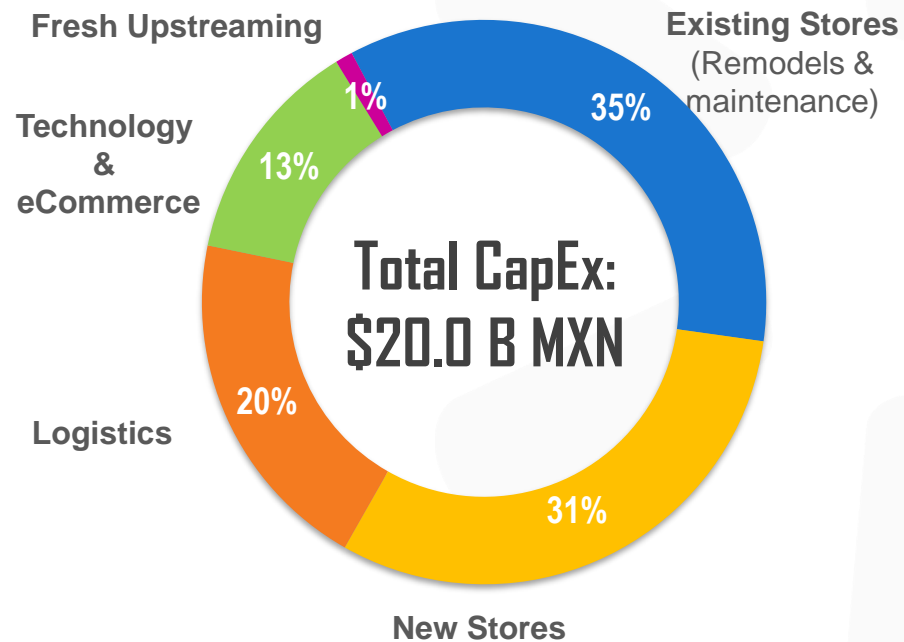


# Growth Program 2019

(Mx\$ billion)



## CAPEX (% Total)





# Competitors



# Selected self-service competitors

Listed on the MSE

Revenues\*  
(Mx\$ billion)



154.8



129.1



20.9

Private



# Informal market remains a large competitor





# Associates

2018 highlights:

01

MX\$53 million invested in training



02

22,996 promoted associates



03

36% of management positions are filled by women



# Community support

2018 highlights:

01

+1,261 million pesos were channeled through social impact programs

02

12,809 small producers developed

03

Donations for over 34,120 food tons benefiting +1M people per month

04

93,405 volunteer participations



# Environmental commitment and success

2018 highlights:

01

MX\$ 1,040 million investment in sustainability initiatives

02

We reduced our emissions by 5% versus 2015

03

1,111 water treatment plants

04

84% of our units are supplied by renewable energy

05

The zero waste objective:

74% progress in Mexico & 50% in Central America





# Walmex resources

## Investor Relations:

[www.walmex.mx](http://www.walmex.mx)

## Corporate:

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

## Online & sales:

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

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

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