

Walmart

México y Centroamérica

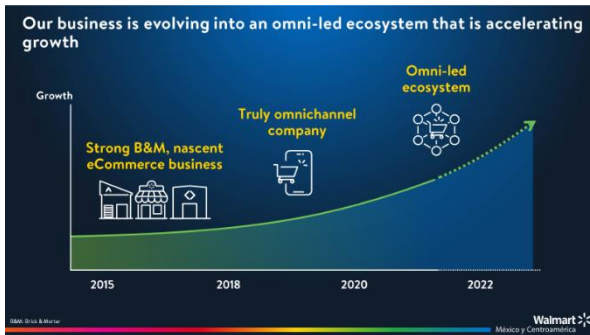
WALMEX DAY 2022 - LONG-TERM STRATEGY

Mexico City, March 15, 2022

(FREE TRANSLATION, NOT TO THE LETTER)



GUILHERME LOUREIRO



Good morning, thank you for joining us today on our WALMEX DAY 2022.

Five years ago, we provided the best value to our customers in our brick-and-mortar stores.

Our customers didn't have good connectivity to the digital world.

Our customers didn't trust the digital experience.

Today, our customers have migrated to the digital world.

Our customers have connectivity.

Our customers have access.

And our customers trust Walmart.

We have an incredible opportunity to deliver value through our ecosystem.

We have a tremendous opportunity to deliver unprecedented offerings to the Mexican people.

For example, a mobile phone and internet service that is 3x cheaper.

Above all, we have the scale, the reach, the trust, and the verticals to bring it all together into a mutually reinforcing ecosystem that is going to deliver accelerated growth and best in class returns to all our stakeholders.



As part of the evolution of our strategy, on last year's WALMEX DAY we introduced our flywheel.

Our flywheel puts the customer at the center.

Our flywheel aims to serve customers beyond retail.

Our flywheel drives accelerated growth and diversified operating income over time.

Today, our flywheel is spinning, powering forward with assets that are connected. Assets that are integrated. Assets that are building a sustainable ecosystem.

What are the results we achieved in 2021 that are making our flywheel spin and propelling us forward?

One of the results we achieved, was the **consistent growth** of our core business in Mexico. Despite the challenging times we faced, we were able to innovate and to adapt fast to the customer and market needs.

- We increased our price gap by 50 bps, to support our most price sensitive customers.
- We invested in talent and implemented our associates' value proposition, which resulted in a 30 percentage points reduction in associate turnover from 2019 to date.
- Same-store sales in Mexico accelerated quarter on quarter, from -0.6% in 1Q to 7.8% in Q4.
- The two-year stacked same-store sales growth also accelerated quarter on quarter, reaching 13.1% in 4Q21.

We know that a strong core business is the foundation for our omni-driven ecosystem.

Another one of the results we achieved, was the acceleration of the adoption of our **eCommerce** platforms. In 2021, we continued to work to create a seamless omnichannel experience:

- We expanded on-demand to 760 stores.
- We launched Walmart Pass.
- We tripled the number of items on our marketplace.
- As a result, GMV grew 40% and eCommerce NPS expanded by almost 20 percentage points.

We see that our strategy is resonating with customers. We see that our customers appreciate our efforts.

Another one of the results we achieved, has to do with the delivery of value **beyond retail** for our customers. In 2019, we started to build the verticals around our ecosystem, to solve our customer's pain points. In 2021, we accelerated the deployment of our verticals:

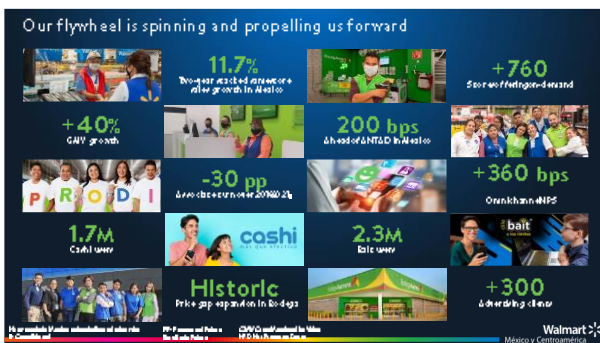
- We reached 2.3M Bait users.
- We achieved 1.7M Cashi users.
- We served more than 300 advertisers and ran more than 4,200 campaigns

It's amazing to see that, by leveraging our strengths, we are scaling the verticals at a fast pace.

Another one of the results we achieved, and the most important one in our view, was the **loyalty of our customers**. We are working hard to offer customers what they want and when they want it, and they are rewarding us with their loyalty.

- We expanded the omni net promoter score (NPS) by 360 bps.
- We grew same-store sales 200 bps ahead of the self-service and clubs market measured by ANTAD.
- We've surpassed the markets' same-store sales growth for 8 consecutive years.

We are excited about the results we have achieved as a team. We are excited about how our associates are innovating to meet customers' needs. We are excited about the way we are creating shared value for all stakeholders.



And we're even more excited about what the future holds for us as we create an omni-driven ecosystem to solve customers' pain points beyond retail and accelerate growth.

Our customers' needs are always evolving.

Our customers' needs are inspiring us to make a difference in the lives of each customer...Customers like Andrea:

Andrea is one of the 5 million customers that shop at our stores every day.

She is a 32-year-old working mom of 2 kids, who wants to provide the best for her family. She lives on a tight budget. She takes advantage of every opportunity to save money.

Five years ago, Andrea came to our stores to get the best prices and the best value. Andrea didn't have an affordable internet or data plan. Andrea didn't have digital payment options. Andrea didn't trust the digital world...but we already had the kiosks to help her to access the benefits of eCommerce.

Fast forward to 2022, Andrea's needs have evolved.

Besides great prices and value...

Andrea needs a fast and seamless shopping experience.

Andrea needs affordable and reliable internet connectivity.

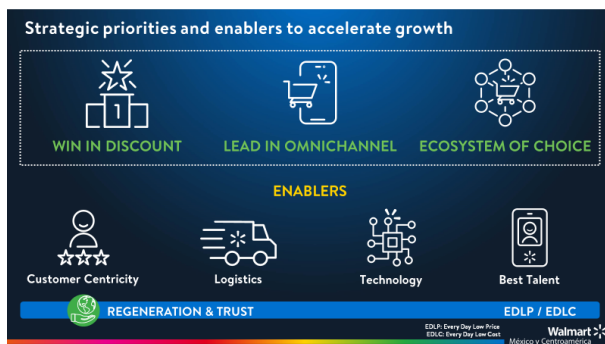
Andrea needs low-cost and simple financial solutions.

And we want to be there to serve Andrea and the other 5 million customers that trust us every day.

Customers are migrating to the digital world and looking for new shopping experiences and payment methods. Their purchase habits have become more sophisticated.

We have the scale, we have the reach, we have the trust, and we have the financial strength.

We can remove the barriers. We can help customers enjoy the benefits of the digital economy and we are in a unique position to do so.



So, what are the priorities we have to solve our customers' pain points?

What are the priorities to accelerate growth?

What are the three priorities we are focusing on?

Strategic priority: To Win in Discount



Provide access through:

- Price leadership
- Omnichannel experience
- Bait and Financial Solutions
- New stores

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The first priority is to **win in discount**.

The discount market in Mexico is large and offers space to continue growing through the formalization and modernization of the market. According to CONEVAL and INEGI, 40% of Mexican population is not able to buy the basic goods basket.

Through Bodega, we want to reach these people. We want to help them save money and time so they can live better.

We like to think of Bodega not just as a store, but as an access point for customers. Through our more than 2,200 Bodega stores:

- We give customers access to great quality items and the lowest prices by expanding our price gap even further.
- We give customers access to a store nearby and to reduce their transportation cost.
- We give customers access to the benefits of the digital economy by offering an array of services such as online shopping, internet service and financial solutions... at a low cost.

For years, Bodega has been our new store growth vehicle and it will continue to be so.

Today, we see great potential beyond new store growth. We see the potential to drive more sales from each Bodega. We see potential to use technology to solve pain-points beyond retail by providing our customers access to the benefits of the digital economy.

Cristian and Dolores will detail our plans to win in discount next.

Strategic priority: To Lead in Omnichannel

Expand on-demand



Accelerate extended assortment



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The second strategic priority is to **lead in omnichannel**.

Being a multi-format operation is one of our main competitive advantages, and these challenging times have taught us that the omnichannel operation is building upon that advantage further and increasing our resilience.

eCommerce sales penetration went from 1.5% in 2019 to almost 5% last year, and we expect it to reach double-digits by 2024 as customers get even more used to the digital experience.

Our goal is to serve customers how, when and where they want to be served; and we are focusing on two initiatives to achieve this goal: on-demand and extended assortment.

We will continue to consolidate **on-demand**:

I'm proud of what we have achieved so far: we've enabled on-demand in more than 760 stores and clubs, in 120 cities. We are the only player in the market that can fulfill an entire basket in just hours, at a very low cost.

Going forward,

- We will expand *Despensa a tu casa* to more stores
- We will improve service levels and reduce delivery times, leveraging our crowdsourcing model and modernizing the last-mile operation

In parallel, we will accelerate **extended assortment**:

In 2021, we made good progress on this front: we strengthened the team, we doubled the number of sellers, we tripled the number of skus and we launched the cross-border marketplace.

Going forward,

- We will increase assortment, primarily in General Merchandise and Apparel
- We will enable and scale seller services, such as fulfillment and advertising
- And we will continue to update our technology platforms to improve user experience

Sam's plays a very important role on our omnichannel strategy. We will drive members' loyalty through omnichannel experiences. We will drive disruptive value through the best curated item selection and we will create stickiness by integrating our full ecosystem.

We believe the opportunity we have to accelerate growth on the omni space is huge. In a moment, Ignacio will talk about how we are going to lead in omnichannel.

Our third priority is to become the **ecosystem of choice**.

The word ecosystem is becoming popular in the business world. In our view, there is a big difference between a collection of businesses and an ecosystem.

For us, creating an ecosystem is shifting from transactions to relationships... It is about building meaningful connections between people adding consistent incremental value.

Anybody can build an MVNO, anybody can develop financial solutions, anybody can start an advertising business... but we are better positioned than anybody to connect these verticals in a mutually reinforcing way in order to better serve customers.

I'll explain what we mean by that with the help of Andrea...

Customers like Andrea come into our stores every day to find the best prices.

While Andrea is shopping, she sees Bait advertising and she finds out that with only \$200 pesos per month she can get unlimited access to mobile services and internet for her and her family. She knows that today she is paying at least \$600 pesos per month for this same service.

Andrea sees the possibility of giving her family access to the digital world, access to culture, access to entertainment, access to online shopping... and she trusts us.

When Andrea comes back to our stores, she finds out that she gets free additional megabytes with her purchases through "Mis compras me conectan".

We are fulfilling our purpose to help Andrea save money and live better and we are making a digital connection with her.

In her next visit, Andrea finds out she can collect the remittances that her family that lives in the United States sends her every month and she finds out we charge a much lower commission than other players and that we offer a fair exchange rate.



So now, we are expanding the areas where we help Andrea to save money and she will afford more products and services. We are participating on both sides of the equation.

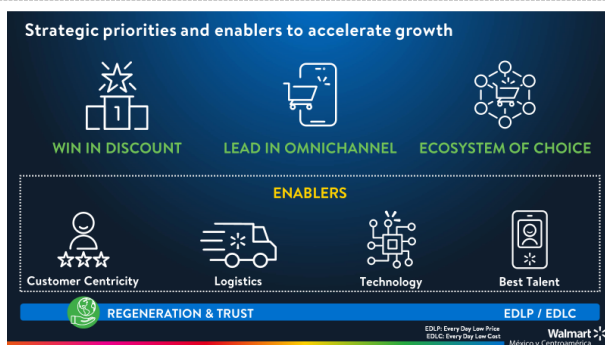
Now Andrea has more money to spend. She discovers she can get a 2% cash back when she pays for her purchases with Cashi and that she can get an easy, low-cost credit product to shop for the items she needs.

Andrea tops up her balance on Cashi, and the virtuous loop continues to spin...

By helping Andrea to save and to spend in a smarter way, we are helping her live better.

With the progress we made last year, we are starting to see our ecosystem come together. This year we will devote ourselves to integrate further our verticals, to create incremental and consistent value for our customers.

Beatriz and Ignacio will talk about our detailed plans to become the ecosystem of choice going forward. The ecosystem that will accelerate growth. The ecosystem that will take Walmex beyond retail.



Now, let's talk about the enablers of our strategy.

What are the enablers that will support these priorities?

Enablers that are crucial to achieve our ambition.

Enablers that will be our focus for investments going forward.

One of the enablers is **customer centricity**.

Our founder, Sam Walton, once said "Exceed your customer's expectations. If you do, they'll come back over and over again", and this phrase continues to resonate years later.

I'm very proud of what we have achieved since we started our transformation in 2017 to become an even more customer-centric company, but it is a constant journey.

- We need to keep customers at the center of our decisions.
- We need to keep measuring and rewarding customer satisfaction.
- And we need to continue working on an agile way to adapt to customer changes fast

Another one of the enablers is **technology**.

We just talked about how an ecosystem for us is about connecting with customers, and technology is a key element to develop these connections.

We have a lot to do in this front:



- We are developing new customer-facing solutions, such as the eCommerce platforms or Cashi
- We are developing tools to help associates do their jobs more efficiently by automating key processes.
- We are advancing our analytics capabilities to be even more predictive

Another one of the enablers is **logistics**.

The market has evolved, our customers have evolved, and our logistics network needs to evolve in order to adapt to this new reality.

We are transforming our network:

- By opening new distribution centers,
- By modernizing our assets,
- By increasing automation,
- And by developing new business models that allow to serve stores and customers in an efficient way.

Another one of the enablers is **talent**.

From our point of view, this is the most important enabler.

We are a people company. The 5 million customers that shop at our stores every day, expect to be served by one of our associates.

We will continue to implement our associates' value proposition:

- We will train and equip our associates with the right tools,
- We will invest in compensation and benefits,
- and we will empower our associates to be more creative

We know that happy associates lead to happy customers. We know that happy customers will accelerate our ability to grow.

We've covered our strategic choices, we've covered our enablers, now let's talk about how our strategy creates shared value for all our stakeholders.



We believe in using our scale for good, which is why we are on the path to become a **Regenerative Company**, in which we place nature and humanity at the center of our business.

We believe in using our scale to restore, to renew and to preserve our planet.

We want to help our people. We want to help the communities where we operate. We want to help the future generations.

This year, we started to work on the four pillars that make up this ambition: opportunity, sustainability, community, and ethics and integrity.

The first pillar is **opportunity**. We want to expand the opportunities we create to help our associates and suppliers to grow. In 2021, we created more than 6,200 new jobs and increased the base of our talent with disabilities, to a total of almost 7,000 associates. Eduardo will talk more about our plans for associates going forward.

Our support program for the development of the Mexican countryside, Pequeño Productor, turned ten years old serving as catalyst for productive projects, during which we have generated

1,590 new jobs and trained more than 23,600 small Mexican producers.

The second pillar is **sustainability**. We made significant progress last year.

We progressed on our goal of being a Zero Emissions company by 2040. In 2021, 60% of our energy came from renewable sources in Mexico.

We progressed on our goal to drive a circular economy. We reduced the use of almost 1,900 tons of virgin plastic and we avoided sending to a landfill about 70% of our waste.

The third pillar is **community**. We maintain our commitment to the development and wellbeing of the communities we serve.

We continued to support communities through the Walmart de México Foundation. Last year, we donated almost two billion pesos through social impact programs, that benefitted more than two million people, via 134 NGOs across the country. We also donated more than 36,300 tons of food and general merchandise products to those who need it the most, which positions us as one of the top donors of the Mexican Food Bank.

A great initiative that we are implementing is BAIT Connectivity. We are taking our solutions beyond retail to customers that need it the most. Connectivity also enables smallholder farmers to improve their capabilities and strengthens access to direct markets, creating an inclusive ecosystem with BAIT. This is helping them to increase their income, to create local employments and to reduce migration intention.

The fourth pillar is **ethics and integrity**. We operate under the highest standards of ethics and integrity. In 2021, we launched our new Code of Conduct and updated our Supplier Standards.

We will remain focused on building trust. On creating shared value for all our stakeholders.

Before I finish the presentation, let me introduce our management team.

The team that is translating these strategies into deliverables. The team that is delighting our customers and accelerating growth.

Today, you are going to hear how each member of the team is helping us to accelerate our flywheel and serve our customers the way they want to be served.

Cristian Barrientos - COO for Mexico

Paulo Garcia – our CFO

Flavio Cotini - CEO for Walmart Central America

Ignacio Caride – head of eCommerce and Financial Services

Dolores Fernández Lobbe - CMO for Self-Services

Gaston Wainstein - in charge of Real Estate

Beatriz Núñez - in charge of the Growth Office

Eduardo de la Garza - in charge of People

Adriana Velázquez - in charge of Compliance



Alberto Sepúlveda - in charge of Legal and Corporate Affairs
Jerome del Porto – in charge of Strategy
Sravana Karnati – in charge of Technology

So, that is our long-term ambition, now let's get into the details of each strategic priority.

Let's start with the first one: to **WIN IN DISCOUNT**.

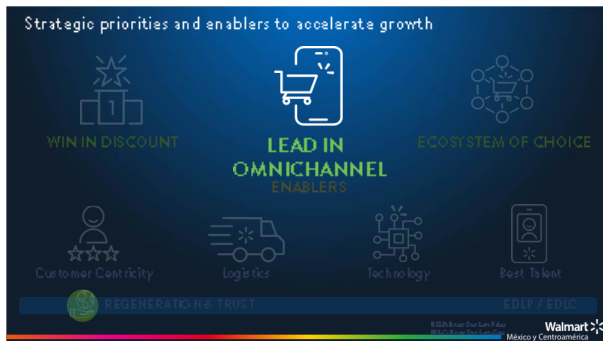
A priority that is driving us forward to accelerate growth; a priority to serve the Mexican people better.

We like to think about Bodega as a steppingstone between the informal and formal market, as a vehicle to grant our customers access to the lowest prices, access to good quality items and services.

Now, the digital economy is untapping the potential to give our customers access to new products and services that they need and want but were too expensive or complicated before:

- Access to online shopping and home delivery,
- Access to low-cost financial solutions,
- Or access to affordable mobile phone and internet services, among others

I'll turn it over to Cristian and Dolores, leaders of our strategic priority to **WIN IN DISCOUNT**.



So, you've heard Dolores and Cristian talk about our priority to win in discount, a priority that is driving us forward to accelerate growth; a priority to serve the Mexican people better.

Now, let's talk about the second strategic priority: **TO LEAD IN OMNICHANNEL**... to serve our customers where, when and how they want to be served.

eCommerce market share data from Euromonitor came in earlier in the year and it was great to see we expanded our share by almost 200 bps.

Now, let me introduce Ignacio, leader of the strategic priority **LEAD IN OMNICHANNEL**.



So far, you've heard Dolores and Cristian talk about our priority to win in discount, you've heard Ignacio talk about our priority to lead in omnichannel. Two priorities that are driving us forward to accelerate growth; two priorities to serve the Mexican people better.

Now let's talk about our third strategic priority to **BECOME THE ECOSYSTEM OF CHOICE**.

Our strong core business in the base for omnichannel and omnichannel is the base of our ecosystem. Building an ecosystem of mutually reinforcing assets with the customer at the center is our path to win in the future.

Let me introduce Beatriz and Ignacio, leaders of the strategic priority —to **BECOME THE ECOSYSTEM OF CHOICE**.

	<p>We want you to remember that to WIN IN DISCOUNT, to LEAD IN OMNICHANNEL and to BECOME THE ECOSYSTEM OF CHOICE, are our three strategic priorities.</p> <p>Now let's talk about the four ENABLERS we are building to support these priorities. Enablers that are driving us forward to accelerate growth. Enablers to serve the Mexican people better: Customer Centricity, Logistics, Talent and Technology.</p> <p>Our strategic priorities are infused with customer centricity, so we will focus today's presentation on three enablers.</p> <p>The first enabler is LOGISTICS.</p> <p>Our logistics network has served as a competitive advantage for years, and today we want to share with you our progress on how we are evolving this advantage into the omnichannel space. Cristian and Gastón will talk about our plans in a minute.</p> <p>The second enabler is TALENT.</p> <p>You will hear from Eduardo, who has hired 4 new officers and +20,000 new associates in the last 12 months, talk about how we are going through one of the most challenging and exciting times for the People team.</p> <p>The third enabler is TECHNOLOGY.</p> <p>You will meet Sravana Karnati.</p> <p>He joined Walmart International in 2020 as Senior Vice President for Walmart International's Technology, and he is currently also part of Walmex's Executive Committee, to support us directly on the implementation of our long-term strategy.</p> <p>Now, over to Cristian and Gastón to start with logistics...</p>
	<p>You've heard about our three strategic priorities: to WIN IN DISCOUNT, to LEAD IN OMNICHANNEL and to BECOME THE ECOSYSTEM OF CHOICE; and about our enablers: CUSTOMER CENTRICITY, LOGISTICS, TALENT AND TECHNOLOGY.</p> <p>These priorities and enablers make up our strategy. A strategy that is driving us forward to accelerate growth. A strategy to serve the Mexican people better.</p> <p>Now, let's talk about Central America.</p> <p>For years, Central America has been a source of growth and profitability for our portfolio. We've taken EBITDA margin from 7.0% in 2015 to a best-in-class 9.1% margin last year, while adding almost 200 stores to our operation.</p> <p>Let me introduce Flavio, leader of the Central America operation.</p>
	<p>You've heard about our plans in Mexico and in Central America. We have a strategy that is driving us forward to accelerate growth. A strategy to serve the Mexican and Central American people better.</p> <p>Our plan is ambitious, it requires investment, commitment, and discipline; and our financial strength serves as a competitive advantage as we implement our plan to win.</p>

	<p>We are committed to accelerate the payback of the investments we are doing, to accelerate growth and to maintain best-in-class returns during this transition.</p> <p>Paulo joined our company almost 8 months ago with this challenge... I'll turn it over to him to cover how we will continue to create value for our shareholders.</p>
	<p>Q&A INTRODUCTION</p> <p>Before we get to your questions, I want to share a personal story.</p> <p>When I came to Mexico six years ago, I faced a big challenge, a challenge I had never faced before.</p> <p>How could I take a business that, for decades, was doing well, and deliver even more value to our stakeholders.</p> <p>We could see the opportunities. We had the resources. So, I knew it was up to the leadership.</p> <p>In those six years, we have moved from a brick-and-mortar store business to an omni-driven ecosystem.</p> <p>Yes, we have moved a lot, but I still see so many opportunities ahead of us. And now I'm even more confident of our abilities to deliver.</p> <p>Any questions?</p>
	<p>CLOSING REMARKS</p> <p>We began this presentation talking about serving our customers in the past.</p> <ul style="list-style-type: none"> • We were there providing access to stores (in the right location) close to our customers. • We were there with the right assortment. • We were there with the lowest price. <p>Today,</p> <ul style="list-style-type: none"> • We are there with physical stores. • We are there with omni. • And we are there, building the ecosystem. <p>In the future, we will continue to be there, transforming pain points into opportunities.</p> <ul style="list-style-type: none"> • Opportunities to improve the lives of the Mexican and Central American people. • Opportunities to accelerate growth. • Opportunities to deliver value to our stakeholders. <p>Thank you for joining us today and for your interest in our company.</p>