

# Walmart de México y Centroamérica Reports Results for the First Quarter 2019

FREE TRANSLATION, NOT TO THE LETTER

Mexico City, April 25, 2019

## Financial Results

Today **Wal-Mart de México, S.A.B. de C.V. (BMV: WALMEX)** reported financial results for the first quarter of 2019. Total revenues increased **4.6%**. EBITDA for the quarter amounted to **\$16.5 billion pesos**, which represented **10.8%** of total revenues, a growth of **14.5%** over last year's levels.

Main figures are:

Results January – March	2019		2018		Growth
	Million \$	%	Million \$	%	%
Net Sales	150,534		143,953		4.6
Other Income	1,200		1,101		8.9
<b>Total Revenues</b>	<b>151,734</b>	<b>100</b>	<b>145,054</b>	<b>100</b>	<b>4.6</b>
Cost of Sales	117,237	77.3	111,782	77.1	4.9
<b>Gross Profit</b>	<b>34,497</b>	<b>22.7</b>	<b>33,272</b>	<b>22.9</b>	<b>3.7</b>
General Expenses	22,228	14.6	22,032	15.2	0.9
<b>Income before Other Income – Net</b>	<b>12,269</b>	<b>8.1</b>	<b>11,240</b>	<b>7.7</b>	<b>9.1</b>
Other Income (Expenses) - Net	70	0.0	94	0.1	(25.0)
<b>Operating Income</b>	<b>12,339</b>	<b>8.1</b>	<b>11,334</b>	<b>7.8</b>	<b>8.9</b>
Financial Income (Expenses) - Net	(1,002)	(0.7)	(38)	(0.0)	25.2 T
Taxes	2,673	1.8	2,947	2.0	(9.3)
<b>Net Income</b>	<b>8,664</b>	<b>5.7</b>	<b>8,349</b>	<b>5.8</b>	<b>3.8</b>
<b>EBITDA</b>	<b>16,462</b>	<b>10.8</b>	<b>14,378</b>	<b>9.9</b>	<b>14.5</b>
EPS (in pesos)	0.496		0.478		3.8

EPS= Earnings per share

T=Times

\*Not audited

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## Openings Q1 2019

### Mexico: 9 units

- 8 Bodegas Aurrerá
  - 2 Bodegas Aurrerá
  - 1 Mi Bodega
  - 5 Bodegas Aurrerá Express
- 1 Walmart

### Central America: 3 units

- 2 Bodegas
- 1 Supermarkets

## Installed Capacity

Sales Area (March 31, 2019)				
Format	Mexico		Central America	
	Sq.mt.	Sq.ft.	Sq.mt.	Sq.ft.
Bodegas and Discount Stores	2,802,737	30,168,661	458,504	4,935,337
Walmarts	2,096,863	22,570,633	163,153	1,756,179
Sam's Clubs	1,161,934	12,507,058	-	=
Supermarkets	148,116	1,594,321	134,306	1,445,673
<b>Total</b>	<b>6,209,650</b>	<b>66,840,673</b>	<b>755,963</b>	<b>8,137,189</b>

## Other Events

In January 2019, **Walmart de México y Centroamérica** was included for the second consecutive year in the Bloomberg Gender Equality Index.

In February 2019, **Walmart de México y Centroamérica** announced the Grand Opening of **Walmart** Punto Guadiana in the State of Durango; the most inclusive store in Mexico.

*Expansión* magazine posted the “100 most powerful women in Mexico” ranking in its March edition, highlighting the female role and its growth in regards with gender equality within the Organizations. Seven Directors and 1 member of the Board of Directors of **Walmart de México y Centroamérica** stood out: Olga González, Senior VP Finance and CFO; Lilia Jaime, Senior VP, Bodega Aurrera; María Guadalupe Morales, VP, Superama; Ivonne Montiel, as VP, Marketing, Customer Insights and Market Intelligence; Carmen Kingston, as VP, Operations for Sam's Club México; Laura García, VP, Merchandising, Consumables, Beauty and Health; Adriana Velázquez, VP, Ethics and Compliance and Blanca Treviño, Board Member.

During this month, **Walmart de México y Centroamérica** was recognized by MERCO (*Monitor Empresarial de Reputación Corporativa*), ranking 3rd. in the “2018 Companies with the best Corporate Responsibility and Governance” list.

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## Conference Call

Walmart de México y Centroamérica will hold a webcast today at 3:30 PM (CT), regarding the first quarter 2019 results. Access to the webcast is through the investor relations website [www.walmex.mx](http://www.walmex.mx). You can join the audio only 15 minutes before the conference begins by dialing International: 1 (866) 779-0965 or in Mexico 52 (55) 6722-5257

- For English: Access code 4834 - 0729
- For Spanish: Access code 4834 - 0725

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, 2019**, it operated **3,259** units, broken down as follows:

<b>2,446 Mexico</b>	<b>813 Central America</b>
1,917 Bodegas Aurrerá:	539 Discount Stores
522 Bodegas	98 Supermarkets
365 Mi Bodegas	31 Walmarts
1,030 Bodegas Express	145 Bodegas
275 Walmarts	
163 Sam's Clubs	
91 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)

(NOT AUDITED)

	I Quarter				
	2019		2018		% de Growth
	\$	% Sales	\$	% Sales	
Net Sales	150,534		143,953		4.6
Other Revenues	1,200		1,101		8.9
<b>Total Revenues</b>	<b>151,734</b>	<b>100.0</b>	<b>145,054</b>	<b>100.0</b>	<b>4.6</b>
Cost of Sales	117,237	77.3	111,782	77.1	4.9
<b>Gross Profit</b>	<b>34,497</b>	<b>22.7</b>	<b>33,272</b>	<b>22.9</b>	<b>3.7</b>
General Expenses	22,228	14.6	22,032	15.2	0.9
<b>Income before other income (expenses) - Net</b>	<b>12,269</b>	<b>8.1</b>	<b>11,240</b>	<b>7.7</b>	<b>9.1</b>
Other income (expenses) - Net	70	0.0	94	0.1	(25.0)
<b>Operating Income</b>	<b>12,339</b>	<b>8.1</b>	<b>11,334</b>	<b>7.8</b>	<b>8.9</b>
Financial (Expenses) Income - Net	(1,002)	(0.7)	(38)	(0.0)	25.2 t
<b>Income before taxes on profits</b>	<b>11,337</b>	<b>7.5</b>	<b>11,296</b>	<b>7.8</b>	<b>0.4</b>
Taxes on profits	2,673	1.8	2,947	2.0	(9.3)
<b>Net income from continuing operations</b>	<b>8,664</b>	<b>5.7</b>	<b>8,349</b>	<b>5.8</b>	<b>3.8</b>
<b>EBITDA</b>	<b>16,462</b>	<b>10.8</b>	<b>14,378</b>	<b>9.9</b>	<b>14.5</b>
<b>Earnings per share (in pesos)</b>	<b>0.496</b>		<b>0.478</b>		<b>3.8</b>

t=times

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**WAL-MART DE MÉXICO, S.A.B. DE C.V. AND SUBSIDIARIES**

**Consolidated Statements of Financial Position**

(Amounts in thousands of Mexican pesos)

	<b>March 31,</b>	
	<b>2019</b>	<b>2018</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 29,511,695	\$ 38,829,598
Accounts receivable, net	11,326,659	12,035,029
Inventories	59,032,787	63,344,265
Prepaid expenses and other	1,209,205	1,405,924
<b>Total current assets</b>	<b>101,080,346</b>	<b>115,614,816</b>
Non-current assets:		
Property and equipment, net	124,840,346	126,643,278
Finance leases, net	47,691,077	12,724,731
Investment properties, net	4,753,828	4,853,970
Intangible assets, net	36,818,732	36,997,739
Deferred tax assets	7,606,681	7,467,622
Other non-current assets	2,152,066	2,226,677
<b>Total assets</b>	<b>\$ 324,943,076</b>	<b>\$ 306,528,833</b>
<b>Liabilities and equity</b>		
Current liabilities:		
Accounts payable	\$ 72,755,196	\$ 85,327,000
Other accounts payable	51,314,296	27,569,376
Income taxes payable	1,432,288	1,269,116
<b>Total current liabilities</b>	<b>125,501,780</b>	<b>114,165,492</b>
Long-term liabilities:		
Long-term Leases	48,848,735	14,167,265
Other long-term liabilities	4,804,187	5,852,043
Deferred tax liabilities	5,122,578	5,786,932
Employee benefits	1,585,014	1,643,027
<b>Total liabilities</b>	<b>185,862,294</b>	<b>141,614,759</b>
Equity :		
Common stock	45,468,428	45,468,428
Retained earnings	80,328,181	104,638,687
Components of other comprehensive income items	15,631,167	15,918,446
Premium on sale of shares	4,111,123	4,014,804
Employee stock option plan fund	(6,458,117)	(5,126,291)
<b>Total equity</b>	<b>139,080,782</b>	<b>164,914,074</b>
<b>Total liabilities and equity</b>	<b>\$ 324,943,076</b>	<b>\$ 306,528,833</b>

\*Not audited

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**WAL-MART DE MÉXICO, S.A.B. DE C.V. AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**

(Amounts in thousands of Mexican pesos)

	<b>For the three-month period ended</b>	
	<b>March 31.</b>	
	<b>2019</b>	<b>2018</b>
Net sales	\$ 150,533,888	\$ 143,953,009
Other revenues	1,199,761	1,101,310
<b>Total revenues</b>	<b>151,733,649</b>	<b>145,054,319</b>
Cost of sales	(117,236,562)	(111,781,629)
Gross profit	34,497,087	33,272,690
General expenses	(22,228,319)	(22,032,335)
Income before other income and expenses	12,268,768	11,240,355
Other income	236,170	182,718
Other expenses	(165,749)	(88,815)
<b>Operating income</b>	<b>12,339,189</b>	<b>11,334,258</b>
Financial income	526,443	454,175
Financial expenses	(1,528,707)	(492,409)
Income before income taxes	11,336,925	11,296,024
Income taxes	(2,672,980)	(2,947,110)
<b>Consolidated net income</b>	<b>\$ 8,663,945</b>	<b>\$ 8,348,914</b>
Components of other comprehensive income:		
<b>Items that may be reclassified subsequently to profit</b>		
<b>or loss:</b>		
Cumulative translation adjustment	(295,032)	(5,208,054)
Other comprehensive (loss) income	(295,032)	(5,208,054)
<b>Comprehensive income</b>	<b>8,368,913</b>	<b>3,140,860</b>
Basic earnings per share (in pesos)	0.496	0.478

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**WAL-MART DE MÉXICO, S.A.B. DE C.V. AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

(Amounts in thousands of Mexican pesos)

	<b>For the three-month period ended</b>	
	<b>March 31</b>	
	<b>2019</b>	<b>2018</b>
	<hr/>	<hr/>
<b>Operating activities</b>		
Income before income taxes	\$ 11,336,925	\$ 11,296,024
Items related to investing activities:		
Depreciation and amortization	4,122,711	3,043,605
Loss from disposal of property and equipment and impairment	473,739	25,305
Stock option compensation expense	76,574	81,478
Interest earned	(376,969)	(332,376)
Items related to financing activities:		
Interest paid under finance leases	1,365,207	376,493
Cash flow from operating activities	<hr/> 16,998,187	<hr/> 14,490,529
Variances in:		
Accounts receivable	(503,693)	2,523,137
Inventories	4,055,653	4,178,665
Prepaid expenses and other assets	155,201	162,860
Accounts payable	(12,246,771)	(10,395,818)
Other accounts payable	(2,283,987)	(3,970,458)
Income tax paid	(3,374,895)	(3,090,927)
Employee benefits	(27,874)	(62,945)
Net cash flow from operating activities	<hr/> 2,771,821	<hr/> 3,835,043
<b>Investing activities</b>		
Long-lived assets	(3,193,772)	(1,848,838)
Interest collected	376,969	332,376
Proceeds from sale of property and equipment	55,755	42,259
Employee stock option plan fund	(1,312,081)	(188,605)
Net cash flow (used in) from investing activities	<hr/> (4,073,129)	<hr/> (1,662,808)
<b>Financing activities</b>		
Dividends paid	(5,706,462)	(2,763,266)
Rental payments - principal	(901,223)	(407,496)
Rental payments - interest	(998,811)	—
Net cash flow used in financing activities	<hr/> (7,606,496)	<hr/> (3,170,762)
Effect of changes in the value of cash	(410,099)	(659,362)
<b>Net decrease in cash and cash equivalents</b>	(9,317,903)	(1,657,889)
Cash and cash equivalents at beginning of period	38,829,598	35,596,117
Cash and cash equivalents at end of period	<hr/> <u>\$ 29,511,695</u>	<hr/> <u>\$ 33,938,228</u>
Non cash transactions:		
Capital Leases	<hr/> <u>\$ 812,374</u>	<hr/> <u>\$ 520,531</u>

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