

Walmart de México y Centroamérica Reports Results for the Second Quarter 2019

Mexico City, July 18th, 2019

Financial Results

Today **Wal-Mart de México, S.A.B. de C.V. (BMV: WALMEX)** reported financial results for the second quarter of 2019. Total revenues increased **5.2%**. EBITDA for the quarter amounted to **\$16.3 billion pesos**, which represented **10.5%** of total revenues, a **20.5%** increase vs. last year.

Main figures are:

Results April- June	2019		2018		Growth	
	Million \$	%	Million \$	%	%	
Net Sales	153,149		145,476		5.3	
Other income	1,201		1,190		0.9	
Total Revenues	154,350	100	146,666	100	5.2	
Cost of Sale	119,440	77.4	113,340	77.3	5.4	
Gross Profit	34,910	22.6	33,326	22.7	4.8	
General Expenses	22,952	14.9	22,883	15.6	0.3	
Earnings before Other Income - Net	11,958	7.7	10,443	7.1	14.5	
Other Income (Expenses) - Net	122	0.0	(16)	0.0	8.4 X	
Operating Income	12,080	7.8	10,427	7.1	15.9	
Financial Income (Expenses) - Net	(1,074)	(0.7)	200	0.1	(6.4) X	
Taxes	2,255	1.5	2,667	1.8	(15.5)	
Net Income	8,751	5.7	7,960	5.4	9.9	
EBITDA	16,276	10.5	13,502	9.2	20.5	
EPS (in pesos)	0.501		0.456		9.9	

EPS: Earnings per share

X: Times

Not audited

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Results January - June	2019		2018		Growth
	Million \$	%	Million \$	%	%
Net Sales	303,683		289,429		4.9
Other income	2,401		2,292		4.8
Total Revenues	306,084	100.0	291,721	100.0	4.9
Cost of Sale	236,677	77.3	225,122	77.2	5.1
Gross Profit	69,407	22.7	66,599	22.8	4.2
General Expenses	45,180	14.8	44,915	15.4	0.6
Earnings before Other Income - Net	24,227	7.9	21,684	7.4	11.7
Other Income (Expenses) - Net	192	0.1	77	0.1	1.5 X
Operating Income	24,419	8.0	21,761	7.5	12.2
Financial Income (Expenses) - Net	(2,076)	(0.7)	162	0.1	(13.8) X
Taxes	4,928	1.6	5,614	1.9	(12.2)
Net Income	17,415	5.7	16,309	5.6	6.8
EBITDA	32,738	10.7	27,880	9.6	17.4
EPS (in pesos)	0.997		0.934		6.7

EPS: Earnings per share

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Openings Q2 2019

Mexico: 24 units

- 21 Bodegas Aurrera
 - 5 Bodegas Aurerra
 - 4 Mi Bodegas
 - 12 Bodegas Aurrera Express
- 2 Walmarts
- 1 Superama

Central America: 8 units

- 2 Discount Stores
- 5 Bodegas
- 1 Walmart

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Installed Capacity

Format	Sales Area (June 30, 2019)	
	Mexico Sq. mt.	Central America Sq. mt
Bodegas and Discount Stores	2,816,209	465,907
Walmarts	2,108,110	167,380
Sam's Clubs	1,161,934	
Supermarkets	149,612	134,306
Total	6,235,865	767,593

Other Events

In May, **Walmart de México y Centroamérica** was awarded the Certification as a "Socially Responsible Company (ESR®)", by the Mexican Philanthropy Centre (Centro Mexicano para la Filantropía A.C. CEMEFI) and the Alliance on Social Responsibility (AliaRSE) due to its significant contribution to the sustainable growth of the Company with day-to-day actions related to environmental, social and corporate governance subjects. Walmart stood out as the only retail company presented with this award for 19 consecutive years.

Walmart de México y Centroamérica joined the LGBT+ Pride March in June with associates and family members for the third consecutive year in Mexico City; the second in Monterrey, Guadalajara and Mérida, and the first in Villahermosa, Culiacán and Durango. As a member of *Pride Connection*, the company supports diversity and inclusion in companies throughout the country with actions like this.

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Conference Call

Walmart de México y Centroamerica will hold a webcast today at 3:30 PM (CT) regarding second quarter 2019 results. Access to the webcast is through:

- Investor Relations Website www.walmex.mx
- Corporate YouTube <https://www.youtube.com/user/WalmartMexicoCAM>
- Corporate Website 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 **June 30, 2019**, it operated **3,291** units, broken down as follows:

2,470 Mexico	821 Central America
1,938 Bodegas Aurrera:	541 Discount Stores
527 Bodegas	98 Supermarkets
370 Mi Bodegas	32 Walmarts
1,041 Bodega Express	150 Bodegas
277 Walmarts	
163 Sam's Clubs	
92 Superamas	

Ticker Symbols

Mexican Stock Exchange:	Bloomberg:	Reuters:	ADR's sponsored program:
Walmex	Walmex* MM WMMVY US	Walmex. MX WMMVY. Pk	WMMVY

Websites

Investor Relations: www.walmex.mx

Corporate: www.walmartmexico.com

From the different formats:

www.walmart.com.mx

www.sams.com.mx

www.superama.com.mx

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Appendix 1: Quartely Income Statement
(millions of pesos)
(NO AUDITED)

	I Quarter					II Quarter				
	2019		2018		% of Growth	2019		2018		% of Growth
	\$	% Sales	\$	% Sales		\$	% Sales	\$	% Sales	
Net Sales	150,534		143,953		4.6	153,149		145,476		5.3
Other Revenues	1,200		1,101		8.9	1,201		1,190		0.9
Total Revenues	151,734	100.0	145,054	100.0	4.6	154,350	100.0	146,666	100.0	5.2
Cost of Sales	117,237	77.3	111,782	77.1	4.9	119,440	77.4	113,340	77.3	5.4
Gross Profit	34,497	22.7	33,272	22.9	3.7	34,910	22.6	33,326	22.7	4.8
General Expenses	22,228	14.6	22,032	15.2	0.9	22,952	14.9	22,883	15.6	0.3
Income before other income (expenses) - Net	12,269	8.1	11,240	7.7	9.1	11,958	7.7	10,443	7.1	14.5
Other Income (expenses) - Net	70	—	94	—	(25.0)	122	—	(16)	—	8.4 x
Operating Income	12,339	8.1	11,334	7.8	8.9	12,080	7.8	10,427	7.1	15.9
Financial Income (Expenses) - Net	(1,002)	(0.7)	(38)	—	25.2	(1,074)	(0.7)	200	0.1	(6.4) x
Income before taxes on profits	11,337	7.5	11,296	7.8	0.4	11,006	7.1	10,627	7.2	3.6
Taxes on profits	2,673	(1.8)	2,947	2.0	(9.3)	2,255	1.5	2,667	1.8	(15.5)
Net Income	8,664	5.7	8,349	5.8	3.8	8,751	5.7	7,960	5.4	9.9
EBITDA	16,462	10.8	14,378	9.9	14.5	16,276	10.5	13,502	9.2	20.5
Earnings per Share (in pesos)	0.496		0.478		3.8	0.501		0.456		9.9
x=times										

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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)

	Six month period ended	
	June 30	
	2019	2018
Net sales	\$ 303,683,046	\$ 289,428,939
Other revenues	2,401,056	2,291,988
Total revenues	<u>306,084,102</u>	<u>291,720,927</u>
Cost of sales	(236,676,920)	(225,122,204)
Gross profit	<u>69,407,182</u>	<u>66,598,723</u>
General expenses	(45,180,372)	(44,915,158)
Income before other income and expenses	<u>24,226,810</u>	<u>21,683,565</u>
Other income	494,261	298,625
Other expenses	(301,654)	(221,239)
Operating Income	<u>24,419,417</u>	<u>21,760,951</u>
Financial income	995,124	1,183,292
Financial expenses	(3,071,854)	(1,021,344)
Income before income taxes	<u>22,342,687</u>	<u>21,922,899</u>
Income taxes	(4,927,457)	(5,613,779)
Consolidated net income	<u>\$ 17,415,230</u>	<u>\$ 16,309,120</u>
Components of other comprehensive income:		
<u>Items that may be reclassified subsequently to profit or loss:</u>		
Cumulative translation adjustment	<u>173,356</u>	<u>876,373</u>
Comprehensive income	<u>17,588,586</u>	<u>17,185,493</u>
Basic earnings per share (in pesos)	0.997	0.934

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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)

June 30

	2019	2018
Assets		
Current Assets:		
Cash and Cash equivalents	\$ 26,603,378	\$ 30,256,479
Account receivable, net	11,117,575	8,623,016
Inventories	60,307,998	57,530,547
Prepaid expenses and other	1,571,444	1,427,092
Total current assets	<u>99,600,395</u>	<u>97,837,134</u>
Non-current assets:		
Property and equipment, net	126,259,129	122,329,552
Finance leases, net	46,381,679	13,125,897
Investment properties, net	6,588,033	5,011,272
Intangibles assets, net	37,133,747	39,799,898
Deferred tax assets	7,958,989	6,623,904
Other non-current assets	2,248,992	2,035,153
Total assets	<u>\$ 326,170,964</u>	<u>\$ 286,762,810</u>
Liabilities and equity		
Current liabilities:		
Account payable	72,871,372	69,440,093
Other accounts payable	41,438,341	39,133,424
Income taxes payable	1,603,146	1,031,230
Total current liabilities	<u>115,912,859</u>	<u>109,604,747</u>
Long-term liabilities:		
Long-term Leases	49,841,063	15,347,289
Other long-term liabilities	4,710,535	5,055,518
Deferred tax liabilities	5,322,494	5,938,693
Employed benefits	1,570,860	1,885,180
Total liabilities	<u>177,357,811</u>	<u>137,831,427</u>
Equity:		
Common stock	45,468,428	45,468,428
Retained earnings	89,120,510	84,206,602
Components of other comprehensive	16,091,802	20,887,571
Premium on sale of share	4,189,061	3,881,205
Employee stock option plan fund	(6,056,648)	(5,512,423)
Total equity	<u>148,813,153</u>	<u>148,931,383</u>
Total liabilities and equity	<u>\$ 326,170,964</u>	<u>\$ 286,762,810</u>

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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 six-month period ended

June 30

	2019	2018
Operating activities		
Income before income taxes	\$ 22,342,687	\$ 21,922,899
Items related to investing activities:		
Depreciation and amortization	8,318,130	6,118,929
Loss from disposal of property and	(117,283)	20,065
Loss from disposal of impairment	(35,751)	3,453
Stock option compensation expense	189,529	157,730
Interest earned	(703,337)	(587,719)
Items related to financing activities:		
Interest paid under finance leases	3,218,461	764,476
Cash flow from operating activities	33,212,436	28,399,833
Variances in:		
Accounts receivable	84,503	2,238,690
Inventories	2,975,952	1,924,944
Prepaid expenses and other assets	(303,951)	(316,454)
Accounts payable	(12,558,858)	(10,619,561)
Other accounts payable	(2,552,507)	(3,352,081)
Income tax paid	(4,517,689)	(8,990,247)
Employee benefits	(47,113)	(95,843)
Net cash flow operating activities	16,292,773	9,189,281
Investing activities		
Long-lived assets	(7,676,033)	(5,531,271)
interest collected	703,337	587,719
Proceeds form sale of property and	354,406	91,539
Employee stock option plan fund	(945,629)	570,436
Net cash flow (used in) from investing	(7,563,919)	(4,281,577)
Financing activities		
Dividends paid	(16,590,726)	(9,498,499)
Rental payments - principal	(1,183,239)	(791,859)
Rental payments - interest	(2,761,034)	
Net cash flow (used in) from financing	(20,534,999)	(10,290,358)
Effect of changes in the value of cash	(420,075)	43,016
Net decreased in cash and cash	(12,226,220)	(5,339,638)
Cash and cash equivalents at beginning of	38,829,598	35,596,117
Cash and cash equivalents at end of period	\$ 26,603,378	\$ 30,256,479

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