



achieving
considerable progress

improving
our business

investing
continuously

operating with
greater efficiency

creating
opportunities

environmental
sustainability

commitment to
the **community**

corporate
governance



operating with **greater** efficiency for the benefit of our customers



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This year we focused our efforts on simplifying processes in our stores, distribution centers, and offices through various initiatives aimed at reducing operating costs; the ensuing result will be to provide our customers an enhanced shopping experience.



+5%

INCREASE IN
UNITS PER
LABOR-HOUR
AT STORES

+983

MILLION CASES
MOVED WITHIN OUR
DISTRIBUTION CENTERS
IN MEXICO

+219

MILLION KILOMETERS
DRIVEN THROUGHOUT
THE COUNTRY

- ▶ STORES
- ▶ DISTRIBUTION CENTERS
- ▶ OFFICES



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STORES

Our capacity to deliver better service increases as our store operations become more efficient. Thus, we focus on leveraging our resources to increase both sales and customer satisfaction rates with every visit.



Knowing the hours of more traffic in our stores has allowed us to manage workloads with an optimum number of checkouts open, thereby better enabling our associates to focus on sales and service. We increased our productivity indicator -Units per Labor Hour- in Mexico and Central America by over 5% and 2%, respectively.



Additionally, on-shelf availability has improved, thus enhancing replenishment from the distribution centers. Shrink rates were also reduced in our comp Self-service stores in Mexico, equaling significant savings. At the same time, productivity initiatives set up in Central America led to reducing our in-store inventory levels. As a

consequence, these achievements had a positive impact on our sales performance, as well as on the shopping experience of our customers.



DISTRIBUTION CENTERS

The volume and productivity of our logistics network are constantly growing, which is why we look forward to responding to the demand from our stores more efficiently.



Hence, we have worked throughout the year on different programs aimed at speeding up the shift of merchandise to and from our 24 distribution centers located in Mexico and Central America, so that our customers can find the products they are looking for in optimum conditions.

In 2015 over 983 million cases were moved within our distribution centers in Mexico, increasing our Cases per Labor Hour indicator by more than 10%. We drove over 219 million kilometers throughout the country, while considerable fuel savings were accomplished by reducing the number of trips with empty trailers. By the same token, we have worked hand-in-hand with our

suppliers in Central America and improved fillrates. The Cases per Labor Hour indicator in the region increased, as compared to the previous year.

Starting this year we operate the multidisciplinary Freshness Committee, which meets to discuss improvement initiatives for Perishables. One of its most relevant programs involves the Cold Chain and focuses on providing better temperature control for products transported from the distribution centers to the stores. By fitting temperature monitors inside trucks, we help guarantee the freshness of the products making their way to our customers.





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OFFICES

In order to strengthen our value proposition, it is essential to align our Staff associates when making straightforward decisions for each one of our formats. It is through different programs that we work to always have the voice of our customers in mind, so we can adapt our operation according to their needs.



One of the most important projects in the year was Committing to Our Customers, which helped align our Operations, Merchandising, and Marketing teams. Moreover, as part of our internal communication with associates, we have informed them of the opinions expressed by our customers, including why they shop or stop shopping, in order to provide them with a comprehensive and current picture of the market.

Through our Merchandising area in Mexico, we fostered business process simplification and the focus on planning with the specialization of functions within working cells. The aim is to create teams specifically devoted to inventory supply and planning, as well as strategies focused on customer insights. We continue training our associates through our Merchandising Academy, so they can learn more and at the same time optimize the work with our suppliers. Moreover, we keep adding new

modules in our Self-service formats in order to better stock our shelves at the stores and make the buying process easier for our customers.

After the positive outcome from centralizing the Merchandising department in Mexico, we decided to replicate this initiative in Central America. Our goal is to focus on prices, leverage our expertise by divisions, and continue developing our Private Labels. Actions like these drive us to work with a higher degree of focus and efficiency with our suppliers, thereby meeting the needs of our customers in the countries that we serve.

We continue to be a Company operating with the highest efficiency standards, which can be witnessed by the ISO 9001 certification we have obtained for Logistics, Administration and Finance, Accounting, Operating Finance, Tax Compliance, and Payroll Taxes.

