

Message from the **PRESIDENT AND CEO**



IN WALMART DE MÉXICO Y CENTROAMÉRICA WE WORK WITH COMMITMENT AND DEDICATION IN FAVOR OF OUR CUSTOMERS.

In 2016 we continued growing consistently and profitably, supported by the sound performance in all our self-service formats and membership warehouse clubs throughout the entire region. The correct execution of our strategy, in addition to the effort and collaboration of our associates and suppliers, allowed us to accomplish results that serve as motivation to maintain our sights on the future of our business.

We have a sound value proposition regarding our formats, assortment, and prices, in turn driving us to continue optimizing the multichannel shopping experience that we offer our customers. Because of this we are able to respond to their current shopping needs, both in our physical stores and through digital media. In Mexico we expanded the concept of Centers of Excellence to our self-service stores because of the success obtained with this program in our Sam's Club units, where we worked on improving the shopping experience through enhanced assortment, better prices and operating execution in keeping with the buying habits of our members. In Central America we continue being consistent in our execution, focusing on key divisions for our customers and widening our price gap regarding our competitors, thereby gaining greater market share in the region.

WE HAVE PUT an extensive modernization plan INTO EFFECT FOR OUR STORES



With the aim of further building the future of our operation and serving our customers increasingly better, this year we put into effect a comprehensive plan to modernize our store base, broadened the scope of our value proposition with the opening of new units and invested in newer and more efficient platforms for logistics and technology.

Our consolidated revenues are an example of the sound results obtained by each of our business formats in each of the countries where we operate. In Mexico, total revenues increased 9.1%, amounting to 433.0 billion pesos, whereas our EBITDA totaled 42.1 billion pesos, some 13.9% higher than 2015. On the other hand, Central America posted 99.4 billion pesos in total revenues, a 25.6% increase, some 8.2% without currency effects; similarly, the 8.1 billion pesos achieved in EBITDA represents 42.8% growth over figures for last year, some 23.0% without exchange rate fluctuations.

we increased the income
FOR OVER 15,000
small low-income farmers



These achievements have been possible thanks to the dedication and commitment of our 228,854 associates, whose efforts translate to an enhanced shopping experience for our customers. Throughout 2016, over 27,000 associates were promoted and 2.6 million hours of training took place, which serves as an incentive and the driving force for the professional development of our talent, in a company with increasingly higher safety standards for our customers and associates alike.

To follow our strategy successfully, we rely on the collaboration of our over 22,000 strategic partners, with whom we work day after day to provide more and better solutions to our customers so they can save money and live better.

Our social commitment is reflected in the specific actions undertaken to benefit our community and the environment. Currently, about 72% of our self-service stores and membership warehouse clubs in Mexico are supplied with renewable energy, enabling us to contribute to a revolving economy through the efficient use of materials; we also foster a supply chain that is resistant to environmental and social variables, thus building a sustainable business. We are the only retail company in the country that has received the Mexican Standard for Labor Equality and Non-Discrimination, granted by the Secretary of Labor and Social Welfare, the National Institute of Women (Inmujeres, per its acronym in Spanish), and the Council for the Prevention and Elimination of Discrimination (Conapred, per its acronym in Spanish). This year we were instrumental in increasing the income for over 15,000 small farmers with low income –an average of 26%- by setting aside resources to improve their productivity and become a channel for selling their products in Mexico.

I appreciate our associates for the magnificent work they have done; moreover, I also wish to thank our strategic partners for their support; our shareholders for their confidence; and all our customers for their loyalty. The sum of all our efforts allows us to remain steady in our commitment of helping to improve the quality of life for families in Mexico and Central America.



GUILHERME LOUREIRO

PRESIDENT AND CEO
WALMART DE MÉXICO Y CENTROAMÉRICA