

Message from the Chairman of the Board and from the Chief Executive Officer

GRI 102-14



Enrique Ostalé

President of the Board of Directors
Walmart de México y Centroamérica



Guilherme Loureiro

President and Chief Executive Officer
Walmart de México y Centroamérica



Our Business

Agile Transformation

We Generate value

Commitment to Honesty

Financial and Corporate
Responsibility Report 2019



* At **Walmart de México y Centroamérica**, our ambition is to be the most trusted omnichannel retailer helping our customers to save money and make their lives easier.

* Our actions are focused on offering a value proposition based on Every Day Low Prices and providing a seamless shopping experience, where our customers buy in our more than 3,400 stores and on digital platforms, at their convenience.

2019 was a year of transformation, investment, and results. We focused on changing our way of working, because we know that shopping habits evolve faster than ever, which is why we are leading the change. We invest in infrastructure and capabilities to be well positioned in the future. Our omnichannel strategy allows us to leverage our widespread store and club coverage while generating solid results in our operations.

We are becoming an agile organization, which means putting the customer even more at the center of our decisions, to achieve this, we need to better understand the markets we serve, so we are increasing our digital and data analytics capabilities. In addition, we are reorganizing into new multidisciplinary teams in a matrix organization within lean-structure where solutions are implemented from end to end. In this new

way of working, we keep caring for and inspiring our associates. We are sure that what we are doing will help us continue on the path to success. **The Walmart of the Future is happening today.**

In Mexico, we keep growing, continue our strong performance, and driving future growth by developing new omnichannel strengths. We expanded our home delivery service at Walmart and Superama, increased kiosks for digital shopping at Walmart and Bodega Aurrera, and increased pickup points for in-store merchandise. We keep expanding the number of omnichannel stores and innovating with ideas, such as self-scan and self-checkout. On the digital side, we are working on improving our shopping applications in all formats, for example, implementing orders from WhatsApp at Superama, the first supermarket to offer this shopping alternative.

We focused on changing our way of working, because we know that shopping habits evolve faster than ever.





Apr.25.2019 / **10:20pm**
Purchase in sams.com.mx



Apr.26.2019 / **09:15am**
Picker collecting order



Apr.26.2019 / **01:15pm**
Pickup center delivery



Apr.26.2019 / **03:10pm**
Customers enjoying

We keep growing, continuing our strong performance, and driving future growth by developing new omnichannel strengths.



We took solid steps in our home-delivery service strategy, called On-demand. We can now deliver more than 12,000 products on the same day. To achieve this, we expanded the logistics network with two new distribution centers exclusively for eCommerce, and redesigned the in-store assortment process with technology that allows us to prepare orders more efficiently.

In Central America, we expanded our purchase options by launching our pickup service in Guatemala and Costa Rica, being the first in the region to offer the possibility of in-store pickup.

Our omnichannel strategy benefits from digital capabilities and our wide coverage of stores and clubs. We continue investing to expand our coverage with new stores. This year, we achieved important milestones, reaching more than two thousand stores of Bodega Aurrera in Mexico,

and in El Salvador, we opened our 100th store. We also surpassed store openings of the last five years, with 161 new stores in Mexico and Central America, reflecting our confidence in growth opportunities in the region. We increased our logistics network to over 473,000 square feet at Coyal distribution center in Costa Rica, making it the largest in Central America.

To keep working in a completely people-oriented way, we rely even more on technology, modernizing our store operations, logistics, and support services.

We built a resilient company. Operating stores for more than 60 years, we learned how to achieve results, even in challenging situations. We are able to serve all segments of the population, and we have a financial strength that has become an advantage during the transformation.

* **+473,000 ft²**
added to Coyal DC in Costa Rica

* **+2,000 Bodega Aurrera**
stores running in México

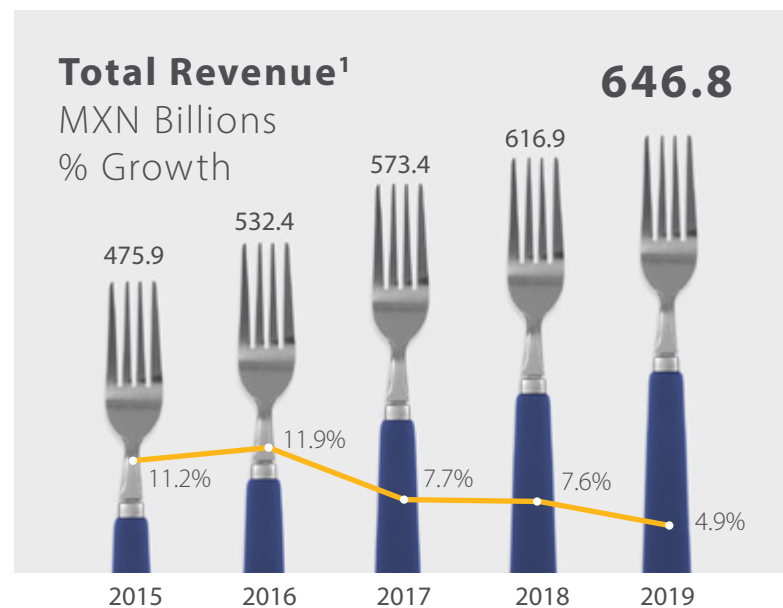


Our Business

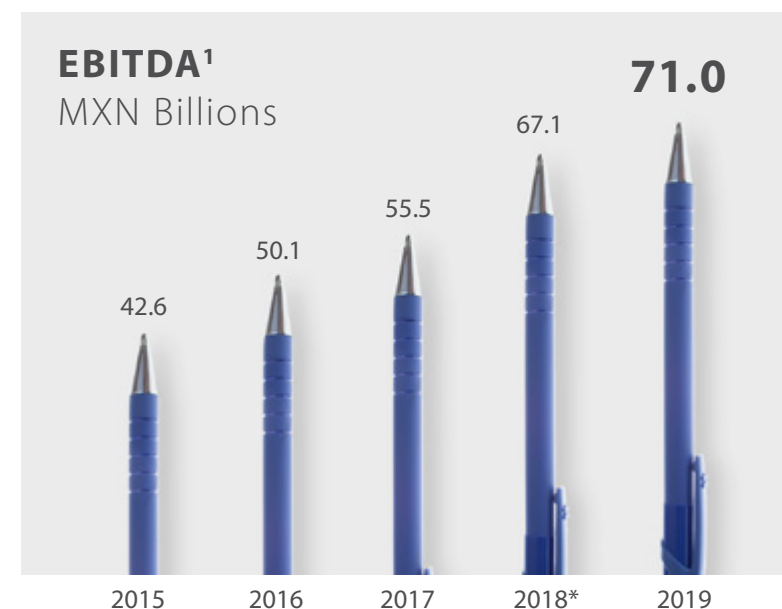
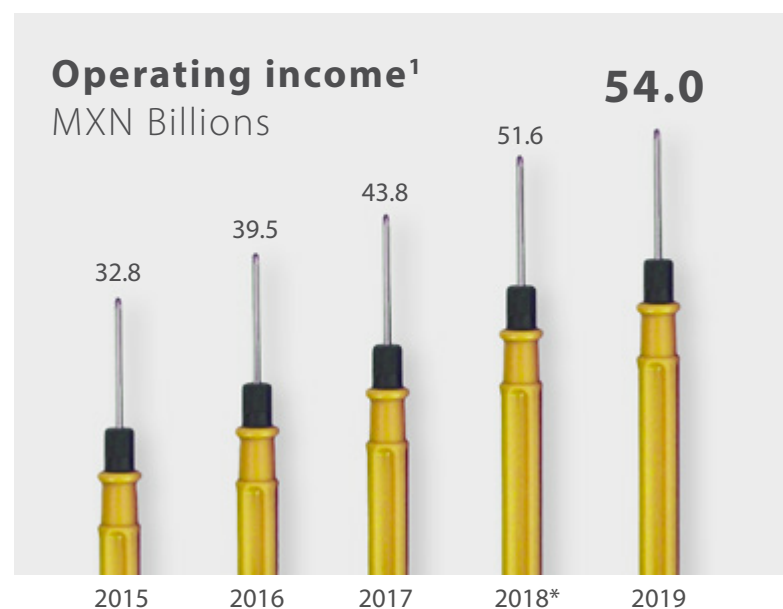
Agile Transformation

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On a consolidated level, revenues reached 646.8 billion pesos, 4.9% increase over last year. Expenses grew 4.6%, 30 basis points below total revenue. Operating income increased 4.7%, EBITDA reached 71.0 billion pesos with a 5.7% growth compared to 2018 and an expansion of 10 basis points.



¹ Walmex excluding Banco Walmart and Suburbia

* To improve visibility of our business performance, we are including a retroactive estimate of the effect that the implementation of IFRS 16 would have had on 2018 financial results. These pro-forma figures are not audited, but are based on audited results reported in 2018 and were adjusted with our best estimates to show the effects related to the adoption of IFRS 16. It is important to point out that all references to the previous year's results are based on pro-forma figures for 2018.





* **+238,900 associates**
in México and Central America

* **26,381 promoted**
associates

At Walmart de México y Centroamérica, every year we challenge ourselves to make better decisions and create Shared Value for all our stakeholders. We firmly believe that, as a successful company, we go one step further; the long-term goal is to improve the systems we rely on, such as workforce development or supply chains. Not only to build customer trust, but also to enhance supply security, improve the quality of products and services, manage costs and expenses more effectively, generate new revenue streams, and attract and retain talent. By strengthening these systems, we made progress towards becoming a responsible company and maximizing the value of the business.

We are investing in our more than 238,900 associates by improving our Associate Value Proposition through better educational opportunities, benefits and training. We extended our maternity and paternity leave, and keep working to provide a safe, diverse, and inclusive workplace environment. This year, we opened our first inclusive Walmart store, which offers greater ease and autonomy to our customers and associates who have a motor, visual or hearing disability.



Proyecto Gigatón™
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We developed new initiatives to be more sustainable. At the end of this year, we launched Gigaton Project, an initiative that aims to prevent one billion metric tons (one gigaton) of greenhouse gases from our global value chains by 2030.

We are proud to announce that this year, Walmart de México y Centroamérica, has become United Nations Global Compact signatory, strengthening our commitment to take action and operate responsibly in accordance with its principles of respect for human rights, labor standards, the

environment, and the fight against corruption, as well as to implement strategic actions to make progress towards United Nations Sustainable Development Goals.

We are pleased with the great efforts of our associates and close cooperation with our business partners. We appreciate the trust of our shareholders and confirm our commitment to contribute to the local communities where we operate. We really appreciate your interest in our company.

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