

Walmart de México y Centroamérica Reports Results for the Fourth Quarter and Full-Year 2016

FREE TRANSLATION, NOT TO THE LETTER

Mexico City, February 15th, 2017

Today **Wal-Mart de México, S.A.B. de C.V. (BMV: WALMEX)** reported financial results for the year 2016. Net sales increased **11.9%**. EBITDA for the year amounted to **\$50.1 billion pesos**, which represented **9.4%** of total revenues, a growth of **17.7%** over last year's levels.

Main figures are:

Results 2016 January – December	2016		2015		Growth
	Million \$	%	Million \$	%	%
Net Sales	528,571		472,460		11.9
Other Income	3,813		3,451		10.5
Total Revenues	532,384	100.0	475,911	100.0	11.9
Costo of Sales	414,900	77.9	373,308	78.4	11.1
Gross Profit	117,484	22.1	102,603	21.6	14.5
General Expenses	77,834	14.6	69,548	14.6	11.9
Income before Other Expenses - Net	39,650	7.4	33,055	6.9	20.0
Other Expenses - Net	(195)	0.0	(227)	0.0	14.1
Operating Income	39,455	7.4	32,828	6.9	20.2
(Expenses) Financial Income - Net	(323)	(0.1)	89	0.0	(463.9)
Taxes	10,623	2.0	9,473	2.0	12.1
Income before Discontinued Op.	28,509	5.4	23,444	4.9	21.6
Discontinued Operations	4,842	0.9	2,935	0.6	65.0
Net Income	33,351	6.3	26,379	5.5	26.4
EBITDA	50,149	9.4	42,592	8.9	17.7
EPS (pesos)	1.910		1.508		26.7

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Fourth Quarter Results October – December	2016		2015		Growth
	Million \$	%	Million \$	%	%
Net Sales	156,515		139,926		11.9
Other Income	982		918		6.9
Total Revenues	157,497	100.0	140,844	100.0	11.8
Costo of Sales	122,891	78.0	110,442	78.4	11.3
Gross Profit	34,606	22.0	30,402	21.6	13.8
General Expenses	21,801	13.8	19,636	13.9	11.0
Income before Other Expenses - Net	12,805	8.1	10,766	7.6	18.9
Other Expenses - Net	(157)	(0.1)	(467)	(0.3)	66.3
Operating Income	12,648	8.0	10,299	7.3	22.8
(Expenses) Financial Income - Net	(257)	(0.2)	(24)	0.0	(9.7T)
Taxes	2,987	1.9	2,635	1.9	13.3
Income before Discontinued Op.	9,404	6.0	7,640	5.4	23.1
Discontinued Operations	992	0.6	833	0.6	19.1
Net Income	10,396	6.6	8,473	6.0	22.7
EBITDA	15,476	9.8	12,788	9.1	21.0
EPS Quarter (pesos)	0.596		0.485		22.9

T = Times

Shareholders' Meeting

The Board of Directors of Walmart de México y Centroamérica approved today to call a shareholders' meeting, to be held on March 30, 2017 in Mexico City.

Among other matters, it will be proposed for shareholders' approval the payment of an ordinary cash dividend of \$0.64 pesos per share and an extraordinary cash dividend for \$1.86 pesos per share, which includes \$0.96 per share relative to the sale of Suburbia and subject to the closing of the transaction. Total dividends add up to \$2.50 pesos per share.

- The ordinary dividend will be paid in four exhibitions of \$0.16 pesos per share in April, August, and November 2017, and February 2018.
- The extraordinary dividend of \$0.90 will be paid in two exhibitions, the first one of \$0.53 pesos per share on April 2017 and the second one of \$0.37 pesos per share on November 2017.
- The date of the payment of the dividend relative to the sale of Suburbia will be announced after the closing of the transaction.

Analysts' Meeting

Walmart de México y Centroamérica will hold its 13th Annual Analysts' Meeting on March 14th 2017 in Mexico City. The presentations session will start at 2:30 PM (CDT), and will be available at our Investor Relations website: www.walmex.mx.

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Conference Call

Walmart de México y Centroamérica will hold a webcast today at 3:30 PM (CDT), regarding fourth quarter 2016 results. Access to the webcast is through the investor relations website www.walmex.mx

You can join the audio only by dialing +1 (847) 585-4405 15 minutes before the conference begins:

- For English: Access code 4429 4410
- For Spanish: Access code 4429 4413

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 **December 31, 2016**, it operated **3,022** units, broken down as follows:

2,291 Mexico	731 Central America
1,763 Bodegas Aurrerá:	495 Discount Stores
490 Bodegas	92 Supermarkets
331 Mi Bodegas	27 Walmarts
942 Bodegas Express	117 Bodegas
262 Walmarts	
160 Sam's Clubs	
96 Superamas	
10 Medimart Pharmacies	

Corporate Social Responsibility

In January, **Walmart de México y Centroamérica** made the recently launched FTSE4Good Sustainability Emerging Markets Index, after an analysis of its performance on the environment, social issues and corporate governance. The company was considered among thousands of others in over 20 countries, and ended up as the only Mexican retail company in the Top Ten Latin American Companies.

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Ticker Symbols

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

Websites

Investor Relations: www.walmex.mx

Corporate: www.walmartmexicoycam.com.mx

From the different formats:

www.walmart.com.mx

www.sams.com.mx

www.suburbia.com.mx

www.superama.com.mx

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Appendix 1: Quarterly Income Statements (millions of pesos)

	I Quarter					II Quarter					III Quarter					IV Quarter					Full-Year				
	2016		2015		% de Crec.	2016		2015		% de Crec.	2016		2015		% de Crec.	2016		2015		% de Crec.	2016		2015		% de Crec.
	\$	%	\$	%		\$	%	\$	%		\$	%	\$	%		\$	%	\$	%		\$	%			
Net Sales	122,754		108,249		13.4	123,428		110,634		11.6	125,875		113,651		10.8	156,515		139,926		11.9	528,571		472,460		11.9
Other Income	918		835		9.9	924		835		10.7	988		862		14.6	982		918		6.9	3,813		3,451		10.5
Total Revenues	123,672	100.0	109,084	100.0	13.4	124,352	100.0	111,469	100.0	11.6	126,863	100.0	114,513	100.0	10.8	157,497	100.0	140,844	100.0	11.8	532,384	100.0	475,911	100.0	11.9
Cost of Sales	96,495	78.0	85,793	78.6	12.5	97,166	78.1	87,658	78.6	10.8	98,348	77.5	89,415	78.1	10.0	122,891	78.0	110,442	78.4	11.3	414,900	77.9	373,308	78.4	11.1
Gross Profit	27,177	22.0	23,291	21.4	16.7	27,186	21.9	23,811	21.4	14.2	28,515	22.5	25,098	21.9	13.6	34,606	22.0	30,402	21.6	13.8	117,484	22.1	102,603	21.6	14.5
General Expenses	17,973	14.5	16,241	14.9	10.7	18,812	15.1	16,578	14.9	13.5	19,248	15.2	17,092	14.9	12.6	21,801	13.8	19,636	13.9	11.0	77,834	14.6	69,548	14.6	11.9
Income Before Other Income - Net	9,204	7.4	7,050	6.5	30.6	8,374	6.7	7,233	6.5	15.8	9,267	7.3	8,006	7.0	15.7	12,805	8.1	10,766	7.6	18.9	39,650	7.4	33,055	6.9	20.0
Other Income (Expenses) - Net	70	0.1	45	0.0	55.6	25	0.0	143	0.1	82.2	(133)	(0.1)	53	0.0	355.0	(157)	(0.1)	(467)	(0.3)	66.3	(195)	(0.0)	(227)	(0.0)	14.1
Operating Income	9,274	7.5	7,095	6.5	30.7	8,399	6.8	7,376	6.6	13.9	9,134	7.2	8,059	7.0	13.3	12,648	8.0	10,299	7.3	22.8	39,455	7.4	32,828	6.9	20.2
Financial (Expenses) Income - Net	4	0.0	56	0.1	(93.0)	(239)	(0.2)	22	0.0	(11.8) T	170	0.1	35	0.0	382.3	(257)	(0.2)	(24)	(0.0)	(9.7) T	(323)	(0.1)	89	0.0	(463.9)
Income Before Taxes on Profits	9,278	7.5	7,151	6.6	29.8	8,160	6.6	7,398	6.6	10.3	9,304	7.3	8,094	7.1	14.9	12,391	7.9	10,275	7.3	20.6	39,132	7.4	32,917	6.9	18.9
Taxes on Profits	2,739	2.2	2,165	2.0	26.5	2,289	1.8	2,292	2.1	(0.2)	2,609	2.1	2,380	2.1	9.6	2,987	1.9	2,635	1.9	13.3	10,623	2.0	9,473	2.0	12.1
Income Before Discontinued Op.	6,539	5.3	4,986	4.6	31.2	5,871	4.7	5,106	4.6	15.0	6,695	5.3	5,714	5.0	17.2	9,404	6.0	7,640	5.4	23.1	28,509	5.4	23,444	4.9	21.6
Discontinued Operations	180	0.1	189	0.2	(4.4)	315	0.3	1,705	1.5	(81.5)	3,355	2.6	207	0.2	15.2 T	992	0.6	833	0.6	19.1	4,842	0.9	2,935	0.6	65.0
Consolidated Net Income	6,719	5.4	5,175	4.7	29.9	6,186	5.0	6,811	6.1	(9.2)	10,050	7.9	5,921	5.2	69.7	10,396	6.6	8,473	6.0	22.7	33,351	6.3	26,379	5.5	26.4
Noncontrolling interest	1	0.0	1	-	-	1	0.0	1	0.0	-	1	0.0	1	0.0	-	(4)	(0.0)	1	0.0	424.9	(1)	(0.0)	3	0.0	112.9
Net Income att to Owners of Parent	6,718	5.4	5,174	4.7	29.9	6,185	5.0	6,810	6.1	(9.2)	10,049	7.9	5,920	5.2	69.7	10,400	6.6	8,472	6.0	22.8	33,352	6.3	26,376	5.5	26.5
EBITDA	11,872	9.6	9,507	8.7	24.9	11,008	8.9	9,783	8.8	12.5	11,792	9.3	10,514	9.2	12.2	15,476	9.8	12,788	9.1	21.0	50,149	9.4	42,592	8.9	17.7
Earnings per share (in pesos)	0.385		0.296		30.1	0.354		0.389		(9.0)	0.575		0.339		69.6	0.596		0.485		22.9	1.910		1.508		26.7

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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

	December 31, 2016	December 31, 2015
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	Ps. 27,975,536	Ps. 24,790,838
Accounts receivable, net	9,817,878	9,758,720
Inventories	53,665,239	49,748,874
Prepaid expenses and other assets	935,125	550,253
Assets held for sale	11,628,894	-
Total current assets	104,022,672	84,848,685
Non-current assets:		
Property and equipment, net	136,349,603	130,222,356
Intangible assets	41,339,532	34,456,219
Deferred tax assets	4,699,729	3,461,109
Other non-current assets	1,518,766	661,750
Total assets	Ps. 287,930,302	Ps. 253,650,119
<u>Liabilities and equity</u>		
Current liabilities:		
Accounts payable to suppliers	Ps. 65,557,689	Ps. 56,395,523
Other accounts payable	17,455,165	16,682,373
Taxes payable	6,992,426	4,231,457
Liabilities relating to assets held for sale	3,951,542	-
Total current liabilities	93,956,822	77,309,353
Long-term liabilities:		
Other long-term liabilities	14,778,703	13,104,120
Deferred tax liabilities	10,483,437	9,786,893
Employee benefits	1,685,324	1,629,103
Total liabilities	120,904,286	101,829,469
Equity:		
Capital stock	45,468,428	45,468,428
Legal reserve	9,104,745	9,104,745
Retained earnings	90,545,819	86,188,284
Other comprehensive income items	24,374,531	13,827,795
Premium on sale of shares	3,108,097	2,830,646
Employee stock option plan fund	(5,575,604)	(5,625,092)
Equity attributable to owners of the parent	167,026,016	151,794,806
Non-controlling interests	-	25,844
Total equity	167,026,016	151,820,650
Total liabilities and equity	Ps. 287,930,302	Ps. 253,650,119

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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

	Year ended December 31	
	2016	2015
Net sales	Ps. 528,571,376	Ps. 472,459,832
Other revenues	3,812,707	3,450,729
Total revenues	532,384,083	475,910,561
Cost of sales	(414,900,193)	(373,307,853)
Gross profit	117,483,890	102,602,708
General expenses	(77,833,627)	(69,547,364)
Income before other income and expenses	39,650,263	33,055,344
Other income	578,707	755,984
Other expenses	(773,835)	(983,206)
Operating income	39,455,135	32,828,122
Financial income	1,321,139	1,319,326
Financial expenses	(1,644,004)	(1,230,594)
Income before taxes on profits	39,132,270	32,916,854
Taxes on profits	(10,622,996)	(9,472,686)
Net Income from continuing operations	28,509,274	Ps. 23,444,168
Net income from discontinued operations	4,842,597	2,934,920
Consolidated net income	Ps. 33,351,871	Ps. 26,379,088
Other comprehensive income items: <i>Items that do not reclassify to profit and loss of the year:</i>		
Actuarial gain (loss) on employee benefits	Ps. 222,015	Ps. (12,724)
<i>Items that may be reclassified subsequently to profit and loss:</i>		
Cumulative translation adjustment	10,324,721	8,358,537
	10,546,736	8,345,813
Comprehensive income	Ps. 43,898,607	Ps. 34,724,901
<u>Net income attributable to:</u>		
Owners of the parent	Ps. 33,352,298	Ps. 26,375,779
Non-controlling interests	(427)	3,309
	Ps. 33,351,871	Ps. 26,379,088
<u>Comprehensive income attributable to:</u>		
Owners of the parent	Ps. 43,899,034	Ps. 34,721,592
Non-controlling interests	(427)	3,309
	Ps. 43,898,607	Ps. 34,724,901
Basic earnings per share from continuing operations attributable to owners of the parent (in pesos)	Ps. 1.633	Ps. 1.341
Basic earnings per share attributable to owners of the parent (in pesos)	Ps. 1.910	Ps. 1.508

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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

	Year ended December 31	
	2016	2015
<u>Operating activities</u>		
Income before taxes on profits	Ps. 39,132,270	Ps. 32,916,854
<u>Items related to investing activities:</u>		
Depreciation and amortization	10,693,735	10,024,729
Loss from disposal of property, equipment and impairment	507,575	740,888
Stock option compensation expense	270,416	298,498
Interest earned	(559,618)	(503,892)
<u>Items related to financing activities:</u>		
Interest payable under finance leases	1,270,826	1,244,536
Discontinued operations	2,471,145	2,107,182
Cash flow from results of operations	53,786,349	46,828,795
<u>Variances in:</u>		
Accounts receivable	(1,253,330)	(898,674)
Inventories	(4,525,586)	(1,380,955)
Prepaid expenses and other assets	(1,163,455)	303,826
Accounts payable to suppliers	9,345,322	2,388,568
Other accounts payable	1,031,983	3,153,345
Taxes on profits paid	(7,068,985)	(11,605,744)
Employee benefits	(109,872)	114,510
Discontinued operations	(3,150,974)	-
Net cash flow from operating activities	46,891,452	38,903,671
<u>Investing activities</u>		
Purchase of property, equipment and software	(14,334,781)	(12,526,265)
Employee stock option plan fund	(44,737)	(157)
Interest collected	559,618	503,892
Purchase of shares of non-controlling interests	275,883	226,448
Proceeds from sale of property and equipment	56,523	41,314
Discontinued operations	(313,400)	-
Business disposal	-	3,726,761
Net cash flow used in investing activities	(13,800,894)	(8,028,007)
<u>Financing activities</u>		
Dividends paid	(28,972,332)	(31,562,146)
Repurchase of shares	-	(1,825,072)
Payment of finances leases	(1,550,479)	(1,624,105)
Discontinued operations	(69,841)	-
Net cash flow used in financing activities	(30,592,652)	(35,011,323)
Effect of changes in the value of cash	686,792	878,649
Net increase (decrease) in cash and cash equivalents	3,184,698	(3,257,010)
Cash and cash equivalents at beginning of year	24,790,838	28,047,848
Cash and cash equivalents at end of year	Ps. 27,975,536	Ps. 24,790,838

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