# Walmart de México y Centroamérica Reports Changes to the Board of Directors and Results for the Third Quarter 2017

FREE TRANSLATION, NOT TO THE LETTER

Mexico City, October 19<sup>th</sup>, 2017

### Changes to the Board of Directors

Wal-Mart de México, S.A.B. de C.V. (BMV: WALMEX) announces to its shareholders as well as to the public in general that Scott Price was appointed as board member. The appointment of Scott Price was made by the Board itself upon the resignation of Anne Myong, which replaced, and has the status of provisional director, under the terms of the Securities Market Act.

Scott Price is Executive Vice President of Global Leverage for Walmart International, a fast- growing segment of Walmart's overall operations with more than 6,200 stores and more than 774,000 associates in 27 countries outside the United States. Based in Bentonville, Arkansas, Scott is leading Global Sourcing, International Technology, International Logistics, Fresh Manufacturing and key strategic leverage initiatives for the international segment.

In addition to the Chief Administrative Officer role, he served as president and Chief Executive Officer of Walmart Asia from 2014-16. Before joining Walmart, Scott served as CEO of DHL Express Europe. Previously, he was CEO of DHL Express Asia Pacific. He also was president of DHL Express Japan, DHL's largest market in the Asia-Pacific region.

Prior to joining DHL, Scott spent a decade with the Coca- Cola Co. During that period, he assumed various roles, including country leadership positions in Japan and as a director and region manager in China.

Scott serves as chairman of the National Center for Asia- Pacific Economic Cooperation, the only U.S. business association focused exclusively on facilitating American private sector input to the APEC process and APEC's 21 member countries. He also is a member of the U.S. India Business Council and serves on the board of trustees for the University Of Virginia Darden School Of Business.

A U.S. native, Scott earned a bachelor's degree in business administration from the University of North Carolina in Charlotte. He also holds a master of business administration degree and a master's in Asian studies from the University of Virginia.

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October 19, 2017





### Financial Results

Today Wal-Mart de México, S.A.B. de C.V. (BMV: WALMEX) reported financial results for the third quarter of 2017. Total revenues increased 7.8%. EBITDA for the year amounted to \$13.4 billion pesos, which represented 9.8% of total revenues, a growth of 13.3% over last year's levels.

Main figures are:

Results	2017		2016	2016		
July – September	Million \$	%	Million \$	%	%	
Net Sales	135,749		125,875		7.8	
Other Income	1,043		988		5.5	
Total Revenues	136,792	100.0	126,863	100.0	7.8	
Cost of Sales	(105,846)	77.4	(98,348)	77.5	7.6	
Gross Profit	30,946	22.6	28,515	22.5	8.5	
General Expenses	(20,292)	14.8	(19,248)	15.2	5.4	
Income before Other Expenses - Net	10,654	7.8	9,267	7.3	15.0	
Other Expenses - Net	(184)	(0.1)	(133)	(0.1)	38.1	
Operating Income	10,470	7.7	9,134	7.2	14.6	
Financial (Expenses) Income - Net	(102)	(0.1)	170	0.1	(160.4)	
Taxes	(2,365)	1.7	(2,609)	2.1	(9.3)	
Net income from Continuing Op.	8,003	5.9	6,695	5.3	19.5	
Discontinued Operations	674	0.5	3,355	2.6	(79.9)	
Net Income	8,677	6.3	10,050	7.9	(13.7)	
EBITDA	13,356	9.8	11,792	9.3	13.3	
EPS (pesos)	0.497		0.575		(13.7)	

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Results	2017		2016	2016			
January – September	Million \$	%	Million \$	%	%		
Net Sales	402,251		372,057		8.1		
Other Income	2,829		2,830		(0.1)		
Total Revenues	405,080	100.0	374,887	100.0	8.1		
Cost of Sales	(314,359)	77.6	(292,009)	77.9	7.7		
Gross Profit	90,721	22.4	82,878	22.1	9.5		
General Expenses	(60,651)	15.0	(56,033)	14.9	8.2		
Income before Other Expenses - Net	30,070	7.4	26,845	7.2	12.0		
Other Expenses - Net	(47)	0.0	(37)	0.0	24.6		
Operating Income	30,023	7.4	26,808	7.2	12.0		
Financial Expenses - Net	(426)	(0.1)	(66)	(0.0)	5.4 T.		
Taxes	(7,786)	1.9	(7,637)	2.0	2.0		
Net income from Continuing Op.	21,811	5.4	19,105	5.1	14.2		
Discontinued Operations	7,475	1.8	3,850	1.0	94.1		
Net Income	29,286	7.2	22,955	6.1	27.6		
EBITDA	38,599	9.5	34,673	9.2	11.3		
EPS Twelve months basis (pesos)	2.273		1.800		26.3		

T = Times

# **Openings 2017**

México: 16 units

- 15 Bodegas Aurrerá
  - 4 Bodegas Aurrerá
  - 8 Bodegas Aurrerá Express
  - o 3 Mi Bodegas
- 1 Walmart

Centroamérica: 17 units

- 13 Discount Stores
- 2 Bodegas
- 1 Walmart
- 1 Supermarket

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### Installed Capacity

Sales Area (September 30 <sup>th</sup> , 2017)										
Format Mexico Central America										
	Sq.mt.	Sq.ft.	Sq.mt.	Sq.ft.						
Bodegas and Discount Stores	2,696,784	29,028,178	423,614	4,559,776						
Walmarts	2,049,363	22,059,344	150,258	1,617,377						
Sam's Clubs	1,146,376	12,339,589								
Supermarkets	152,514	1,641,661	128,613	1,384,393						
Pharmacies	2,665	28,686								
Total	6,047,702	65,097,458	702,485	7,561,546						

#### Other Events

In October, Walmart de México y Centroamérica was recognized with the Logistics National Award "Galardón Tameme" in the small enterprise category, due to its collaborative work with Grupo Apícola Texán de Palomegue in the state of Yucatán. Such collaboration entails training to small producers by the company's Logistics area regarding logistics processes such as the correct handling of merchandise, transportation processes, preferential costs in the use of RPCs (containers for produce) and Backhaul services. With this, Grupo Apícola Texán de Palomeque has increased its coverage from 5 to 176 stores at a national level and 450% growth in sales.

In September, Fortune magazine in US published the ranking of "The 50 most powerful female CFOs in international businesses", where Olga González, CFO for Walmart de México y Centroamérica, was included, highlighting her leadership and management of \$29.6 billion dollars in profits from Mexican and Central American Markets.

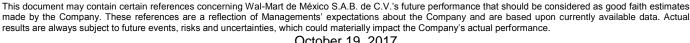
#### Conference Call

Walmart de México y Centroamérica will hold a webcast today at 3:30 PM (CT), regarding third quarter 2017 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 4577 4535 For Spanish: Access code 4577 4518

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 **September 30, 2017**, it operated **3,076** units, broken down as follows:

2,313	Mexico	763	Central America
1,782	Bodegas Aurrerá:	514	Discount Stores
	496 Bodegas	94	Supermarkets
	335 Mi Bodegas	28	Walmarts
	951 Bodegas Express	127	Bodegas
266	Walmarts		
161	Sam's Clubs		
94	Superamas		
10	Medimart Pharmacies		

## **Ticker Symbols**

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

### Websites

Investor Relations: www.walmex.mx

Corporate: www.walmartmexicoycam.com.mx

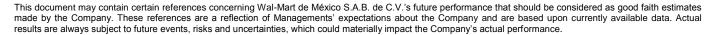
From the different formats:

www.walmart.com.mx www.sams.com.mx

www.superama.com.mx

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# Appendix 1: Quarterly Income Statements (millions of pesos)

(Unaudited)

			I Quarter				II Quarter			III Quarter		IV Quarter				Year to Date							
	201	7	2016		% of	2017		2016		% de	2017		2016		% de	2017	2017		2016		2017		
	\$	%	\$	%	Growth	\$	%	\$	%	Crec.	\$	%	\$	%	Crec.	\$	%	\$	%	\$	%	\$	%
Net Sales	131,710		122,754		7.3	134,792		123,428		9.2	135,749		125,875		7.8			156,515				528,571	
Other Revenues	854		918		(6.9)	932		924		0.8	1,043		988		5.5		_	982			_	3,813	
Total Revenues	132,564	100.0	123,672	100.0	7.2	135,724	100.0	124,352	100.0	9.1	136,792	100.0	126,863	100.0	7.8			157,497	100.0			532,384	100.0
Cost of Sales	102,824	77.6	96,495	78.0	6.6	105,688	77.9	97,166	78.1	8.8	105,846	77.4	98,348	77.5	7.6		_	122,891	78.0		_	414,900	77.9
Gross Profit	29,740	22.4	27,177	22.0	9.4	30,036	22.1	27,186	21.9	10.5	30,946	22.6	28,515	22.5	8.5			34,606	22.0			117,484	22.1
General Expenses	20,008	15.1	17,973	14.5	11.3	20,351	15.0	18,812	15.1	8.2	20,292	14.8	19,248	15.2	5.4			21,801	13.8			77,834	14.6
Income before other income (expenses) - Net	9,732	7.3	9,204	7.4	5.7	9,685	7.1	8,374	6.7	15.7	10,654	7.8	9,267	7.3	15.0		_	12,805	8.1		-	39,650	7.4
Other income (expenses) - Net	165	0.1	70	0.1	135.4	(28)	(0.0)	25	0.0	(210.4)	(184)	(0.1)	(133)	(0.1)	38.1			(157)	(0.1)			(195)	(0.0)
Operating Income	9,897	7.5	9,274	7.5	6.7	9,657	7.1	8,399	6.8	15.0	10,470	7.7	9,134	7.2	14.6		_	12,648	8.0		•	39,455	7.4
Financial (Expenses) Income - Net	(189)	(0.1)	4	0.0	(49.3) т	(135)	(0.1)	(239)	(0.2)	(43.4)	(102)	(0.1)	170	0.1	(160.4)		_	(257)	(0.2)		_	(323)	(0.1)
Income before taxes on profits	9,708	7.3	9,278	7.5	4.6	9,522	7.0	8,160	6.6	16.7	10,368	7.6	9,304	7.3	11.4		_	12,391	7.9		=	39,132	7.4
Taxes on profits	2,647	2.0	2,739	2.2	(3.4)	2,775	2.0	2,289	1.8	21.2	2,365	1.7	2,609	2.1	(9.3)		_	2,987	1.9			10,623	2.0
Net income from continuing operations	7,061	5.3	6,539	5.3	8.0	6,747	5.0	5,871	4.7	14.9	8,003	5.9	6,695	5.3	19.5			9,404	6.0			28,509	5.4
Discontinued Operations	69	0.1	180	0.1	(62.0)	6,732	5.0	315	0.3	20.4T	674	0.5	3,355	2.6	(79.9)		_	992	0.6			4,842	0.9
Consolidated Net Income	7,130	5.4	6,719	5.4	6.1	13,479	9.9	6,186	5.0	117.9	8,677	6.3	10,050	7.9	(13.7)			10,396	6.6			33,351	6.3
Noncontrolling interest			1_	0.0	(100.0)	-		1_	0.0	(100.0)	-		11_	0.0	(100.0)		_	(4)	0.0			(1)	0.0
Net income attributable to Owners of the Parent	7,130	5.4	6,718	5.4	6.1	13,479	9.9	6,185	5.0	117.9	8,677	6.3	10,049	7.9	(13.7)		-	10,400	6.6		•	33,352	6.3
EBITDA	12,778	9.6	11,872	9.6	7.6	12,466	9.2	11,008	8.9	13.2	13,356	9.8	11,792	9.3	13.3		•	15,476	9.8		ı	50,149	9.4
Earnings per share (in pesos)	0.408		0.385		6.0	0.772		0.354		118.1	0.497		0.575		(13.7)			0.596				1.910	

T=Times

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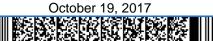
# WAL-MART DE MÉXICO, S.A.B. DE C.V. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Amounts in thousands of Mexican pesos

	September 30, 2017*	December 31, 2016
<u>Assets</u>		
Current assets:		
Cash and cash equivalents Accounts receivable, net Inventories Prepaid expenses and other assets Assets held for sale	Ps. 26,444,117 7,611,874 57,547,667 766,591	Ps. 27,975,536 9,817,878 53,665,239 935,125 11,628,894
Total current assets	92,370,249	104,022,672
Non-current assets:		
Property and equipment, net Investment properties Intangible assets Deferred tax assets Other non-current assets	129,371,164 5,180,826 36,478,665 5,637,978 1,530,812	134,034,410 2,315,193 41,339,532 4,699,729 1,518,766
Total assets	Ps. 270,569,694	Ps. 287,930,302
Liabilities and equity  Current liabilities:  Accounts payable to suppliers Other accounts payable Taxes payable Liabilities relating to assets held for sale  Total current liabilities  Long-term liabilities:	Ps. 64,006,215 27,525,473 5,139,250 - 96,670,938	Ps. 65,557,689 17,455,165 6,992,426 3,951,542 93,956,822
Other long-term liabilities Deferred tax liabilities Employee benefits Total liabilities	19,663,885 8,564,380 1,708,151 126,607,354	14,778,703 10,483,437 1,685,324 120,904,286
Equity:		
Capital stock Legal reserve Retained earnings Other comprehensive income items Premium on sale of shares Employee stock option plan fund Total equity	45,468,428 9,104,745 76,734,658 15,334,558 3,467,490 (6,147,539) 143,962,340	45,468,428 9,104,745 90,545,819 24,374,531 3,108,097 (5,575,604)
Total liabilities and equity	Ps. 270,569,694	Ps. 287,930,302

<sup>\*</sup>Unaudited





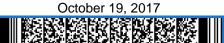


# WAL-MART DE MÉXICO, S.A.B. DE C.V. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Amounts in thousands of Mexican pesos (Unaudited)

	Nine month p Septem				
	2017	2016			
Net sales	Ps. 402,250,863	Ps. 372,056,614			
Other revenues	2,829,015	2,830,677			
Total revenues	405,079,878	374,887,291			
Cost of sales	(314,358,781)	( 292,009,314)			
Gross profit	90,721,097	82,877,977			
General expenses	( 60,651,135)	( 56,032,968)			
Income before other income and expenses	30,069,962	26,845,009			
Other income	726,898	472,272			
Other expenses	( 773,472)	( 509,660)			
Operating income	30,023,388	26,807,621			
Financial income	963,188	1,032,588			
Financial expenses	( 1,389,476)	( 1,098,494)			
Income before taxes on profits	29,597,100	26,741,715			
Taxes on profits	( 7,786,222)	( 7,636,796)			
Net Income from continuing operations	21,810,878	19,104,919			
Net income from discontinued operations	7,474,618	3,850,559			
Consolidated net income	Ps. 29,285,496	Ps. 22,955,478			
Other comprehensive income items:  Items that do not reclassify to profit and loss of the year:					
Cumulative translation adjustment	Ps. ( 9,039,973)	Ps. 6,330,268			
Comprehensive income	Ps. 20,245,523	Ps. 29,285,746			
Net income attributable to:					
Owners of the parent Non-controlling interests	Ps. 29,285,496	Ps. 22,952,191 3,287			
	Ps. 29,285,496	Ps. 22,955,478			
Comprehensive income attributable to: Owners of the parent Non-controlling interests	Ps. 20,245,523	Ps. 29,282,459 3,287			
	Ps. 20,245,523	Ps. 29,285,746			
Basic earnings per share from continuing operations attributable to owners of the parent (in pesos)	Ps. 1.249	Ps. 1.094			
Basic earnings per share attributable to owners of the parent (in pesos)	Ps. 1.677	Ps. 1.314			

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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 (Unaudited)

Nine month period ended September 30

	septer	nder 30						
	2017	2016						
Operating activities								
Income before taxes on profits	Ps. 29,597,100	Ps. 26,741,715						
Items related to investing activities:								
Depreciation and amortization	8,575,984	7,865,263						
Loss from disposal of property, equipment and impairment	152,592	330,134						
Stock option compensation expense	203,637	217,935						
Interest earned	( 734,907)	( 413,067)						
Items related to financing activities:								
Interest payable under finance leases	1,078,267	880,157						
Discontinued operations		1,398,868						
Cash flow from results of operations	38,872,673	37,021,005						
<u>Variances in:</u>								
Accounts receivable	773,533	485,451						
Inventories	( 5,343,518)	( 4,990,206)						
Prepaid expenses and other assets	60,997	( 627,268)						
Accounts payable to suppliers	24,771	( 2,670,652)						
Other accounts payable	147,060	( 661,469)						
Taxes on profits paid	(9,181,572)	( 4,459,203)						
Employee benefits	178,637	211,700						
Discontinued operations		( 2,152,584)						
Net cash flow from operating activities	25,532,581	22,156,774						
Investing activities								
Purchase of property, equipment and software	( 10,687,881)	( 9,473,446)						
Employee stock option plan fund	( 416,179)	( 21,083)						
Interest collected Purchase of shares of non-controlling interests	734,907	413,067 ( 1,586)						
Proceeds from sale of property and equipment	140,428	255,032						
Discontinued operations	-	( 257,860)						
Cash flow from losing control of subsidiaries	19,562,301	<u> </u>						
Net cash flow used in investing activities	9,333,576	( 9,085,876)						
<u>Financing activities</u>								
Dividends paid	( 33,607,071)	( 18,274,193)						
Payment of finances leases	( 1,197,144)	( 1,112,605)						
Discontinued operations		( 108,056)						
Net cash flow used in financing activities	( 34,804,215)	( 19,494,854)						
Effect of changes in the value of cash	( 1,593,361)	136,098						
Net decrease in cash and cash equivalents	( 1,531,419)	( 6,287,858)						
Cash and cash equivalents at beginning of period	27,975,536	24,790,838						
Cash and cash equivalents at end of period	Ps. 26,444,117	Ps. 18,502,980						

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