



THE RESULT:

to deliver
value

WE ARE VERY PROUD OF THE ACHIEVEMENTS
OBTAINED IN THE YEAR, RESULT OF OUR
CONSTANT IMPROVEMENT IN OPERATION
AND FINANCIAL STRENGTH





Milton Brandt

Senior Vice President
and Chief Financial Officer
Walmart de México y Centroamérica

FINANCIAL VALUE

GRI 201:103-1,103-2,103-3

2020 was undoubtedly a complicated and challenging year. At Walmart de México y Centroamérica we always strive to innovate, invest, and deliver solid results

When we set our sights on an objective, we focus and achieve it. Despite the uncertainty that prevailed, we achieved efficiency in our operational and financial management. We stablished the path to continue with sales growth and continued generating returns for our shareholders; initiatives and investments were accelerated, managing expenses with discipline and without sparing expenses to protect the health and safety of our associates and customers.



Growth by country, format and division

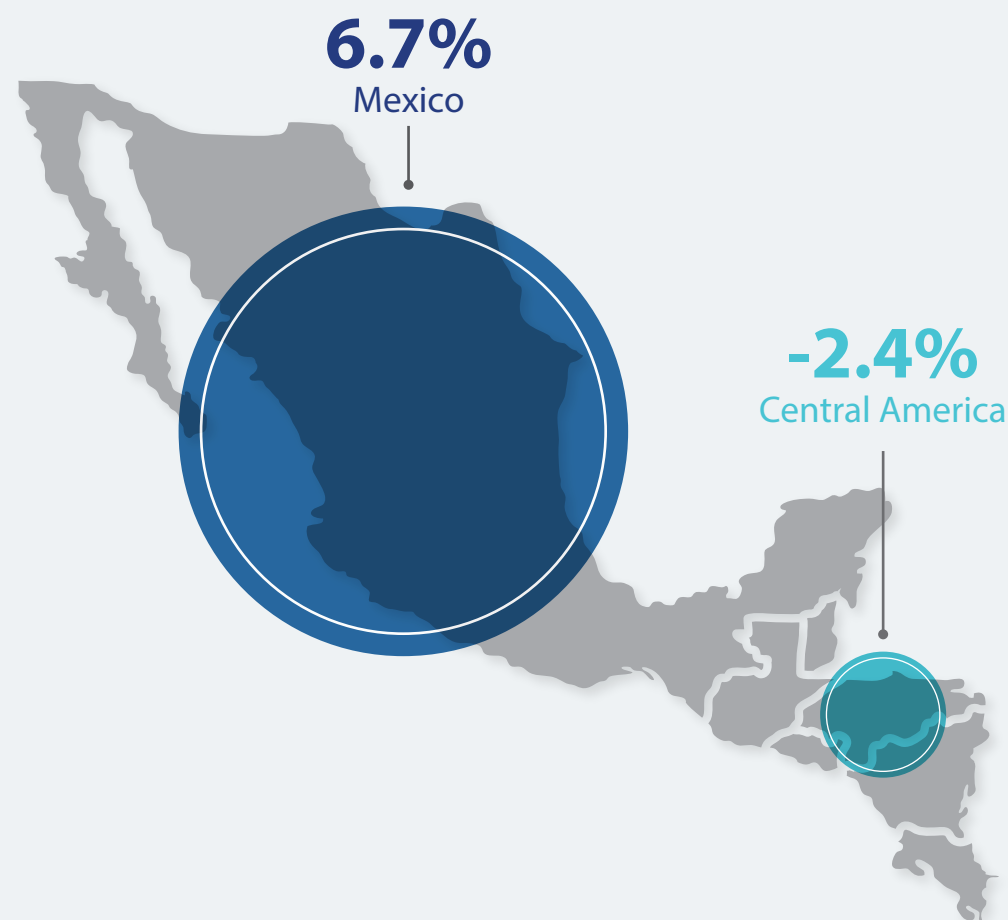
Same-store sales



Mexico



Central America



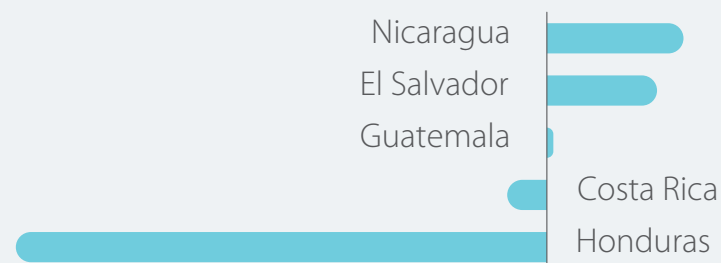
Geographic area



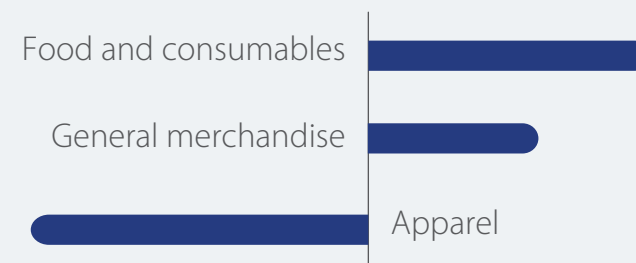
Format*



Country



Division



*eCommerce sales included.

PERFORMANCE

Our ability to adapt and the results achieved are proof of maturity and adoption of our transformation

We continue growing our sales and operating with financial discipline, despite working amidst an environment of high expenses. Excluding one-time effects, [we grew operating income and maintained a double-digit EBITDA margin](#). We were able to refocus our investment in omnichannel projects to reach more Mexican families, and to continue preparing our business for the future.

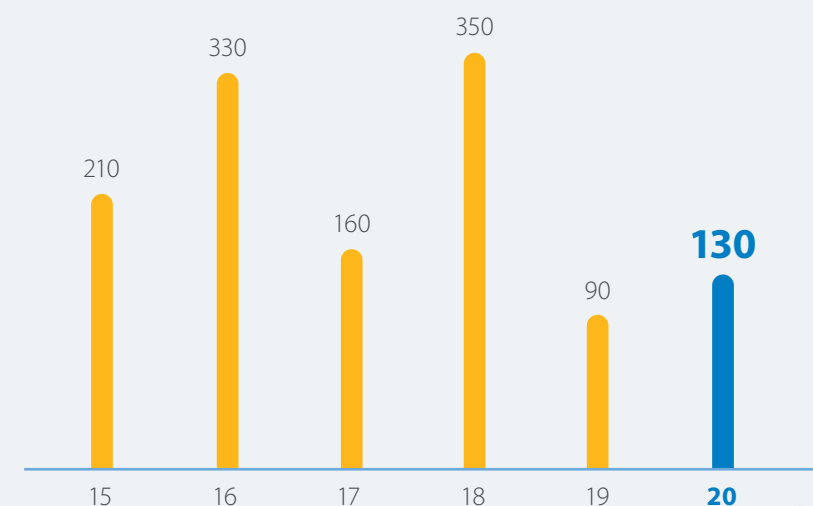
For the sixth consecutive year, we outpaced the self-service and clubs market, as measured by ANTAD (the Mexican retail association)



Growth gap in same-store sales

Walmex¹ vs ANTAD

Basis points



1 Mexico: Self-service and Sam's Club



MEXICO

Throughout the year, all regions grew same-store sales. The North and Metro regions posted the best performance, followed by the South and Central regions, impacted by restrictions imposed by local authorities through the epidemiological classification which was “high risk” (classification orange / red) from April to December.

Thanks to our Every Day Low Price proposition and the loyalty of our customers, [our same-store sales gap grew to 130 basis points for 2020.](#)




Mexico

All formats experienced consistent growth during the year. Total revenue was 575.0 billion pesos, which represented 8.0% growth compared to 2019.

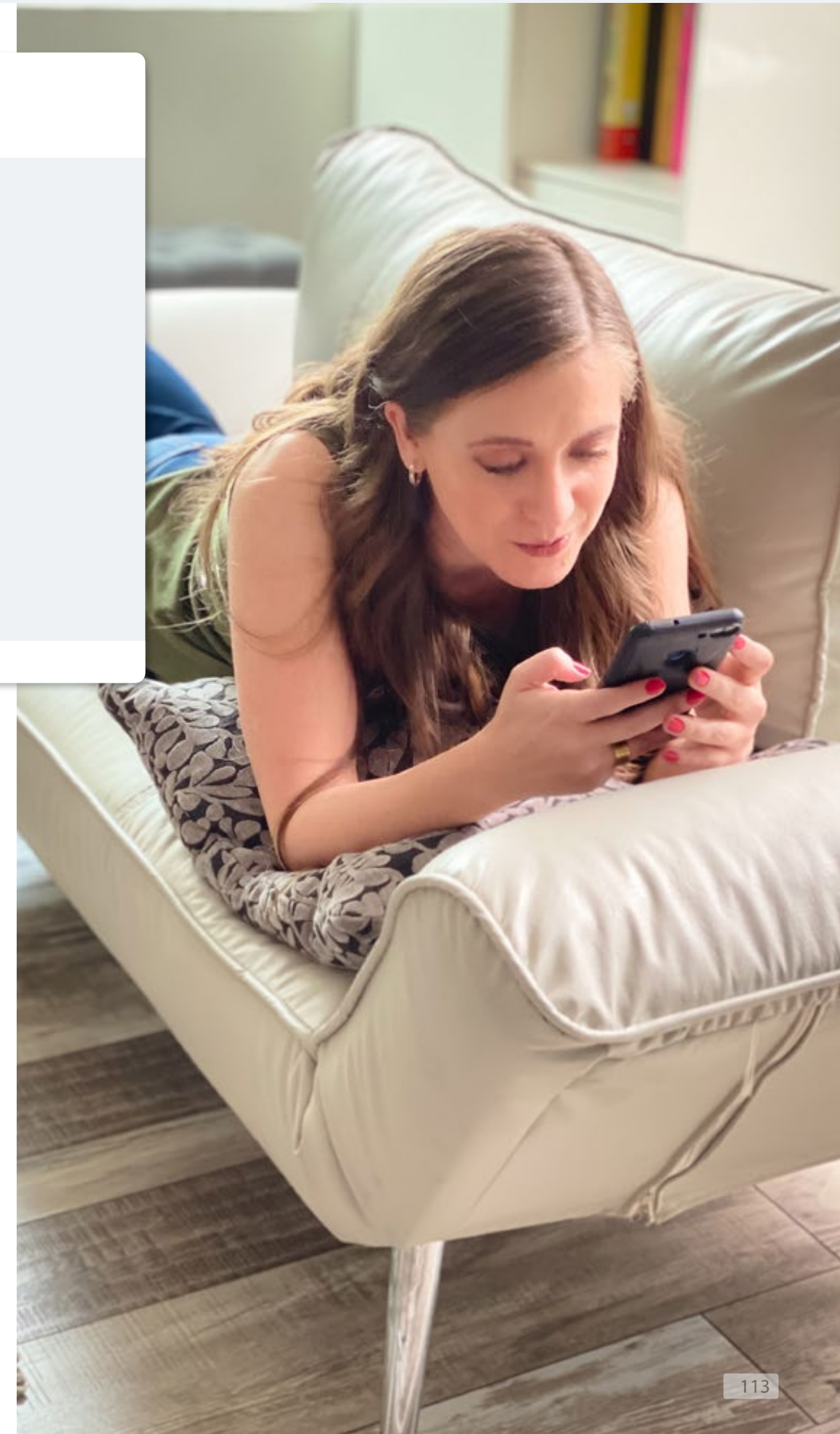
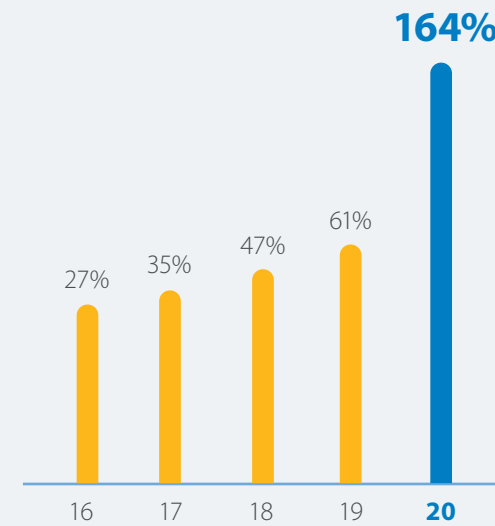
Due to the reinforcement of our omnichannel value proposition, improvements to our service levels, and continued investment in technology and digitalization, this year saw eCommerce sales accelerated and nearly tripled, thus representing 3.8% of sales, 2.5 times the penetration we had the previous year and a contribution of 260 basis points to total sales, which is a fivefold increase over 2019.

Growth in eCommerce sales was 171%, greater than the 52% posted for 2019, and GMV grew 164%.


575.0 billion

pesos of total revenue

+8.0% growth

GMV Growth




Mexico

Honoring our Every Day Low Price philosophy, we worked harder than ever this year helping people save money and live better. [Working hand in hand with our suppliers to contain prices during the health crisis, we were also able to extend our low-price offering with programs like *Los Esenciales*](#). Moreover, our price gap vs. competitors increased by 50 basis points and expanded our gross profit margin by 20 basis points, representing 22.8% of total revenue for the year.

SG&A increased 11.4%, as compared to the previous year. Without one-time effects, this growth would have been 9.0%, that is, 13.9% of total revenue, similar levels to 2019, a product of the operating discipline of the entire team, despite high expenses incurred due to the pandemic.

The results for the year, excluding one-time effects, were positive. [Operating income grew 9.5%, 150 basis points over total revenue growth](#), and were able to maintain our double-digit EBITDA margin, representing 11.4% of revenue.



50 basis points
expansion of price gap vs. competitors





+20 bps
EBITDA margin expansion



CENTRAL AMERICA

Total revenues reached 126.8 billion pesos, decreasing 0.3% vs. the previous year. Looking at same-store sales performance by country, Nicaragua, El Salvador and Guatemala managed to grow their sales whereas, Costa Rica and Honduras had lower sales performance due to the macroeconomic situation in the region and the restrictions implemented to contain the pandemic.

Thanks to the focus on prices and to the commercial proposal adjustment to increase essential items supply, we were able to maintain a 24.2% gross profit margin.

Expenses were kept under control despite such challenging times and the costs incurred due to the pandemic. SG&A was leveraged by 10 basis points, as compared to 2019.

Operating income represented 5.8% of total revenue, the same level as last year, with a 0.4% drop compared to 2019.

EBITDA represented 9.3% of total revenue, expanded by 20 basis points over 2019, stemming from our operating and financial discipline

Note: Sales growth percentages related to Central America are determined on a constant currency basis.



Our scale



CONSOLIDATED

At a consolidated level, total revenues for the year reached 701.7 billion pesos, 8.5% growth over the previous year. The gross margin was 23.1%, expanded by 20 basis points compared to 2019.

SG&A increased 11.2%, as compared to 2019. Excluding one-time effects, this growth would have been 9.3%, primarily due to an environment of higher expenses incurred to face the pandemic.

Operating income represented 8.2% of total revenue. Excluding one-time effects, this would have represented 8.4%, expanded by 10 basis points and 9.7% growth over the previous year. **EBITDA reached 75.4 billion pesos**, 10.7% of total revenue. Excluding one-time effects, it would be 77.2 billion pesos, 11.0% of total revenue, the same level as 2019.

We shall continue to improve our cash position through the operating and financial discipline for which we are known, allowing us to continue investing and generating returns.

Our cash-flow generation is solid, consistently growing year after year



701.7 billion

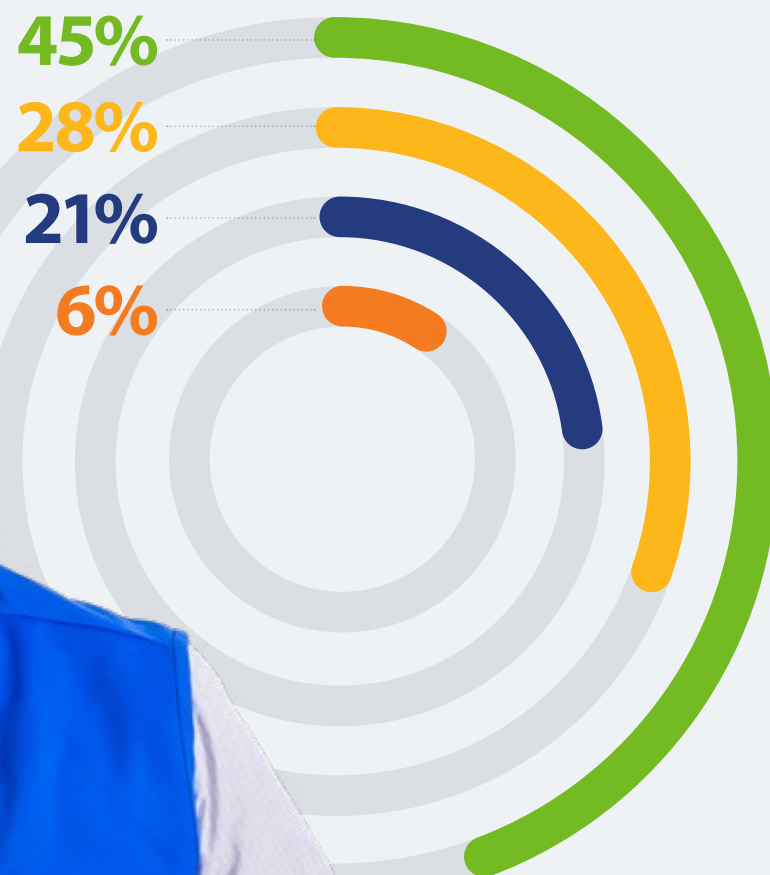
pesos of total revenue

+8.5% growth

Our multi-format strategy allows us to meet different buying occasions in different socio-economic segments



Sales share by business format



Clubs

Price Club membership, where we offer the best new and differentiated products in volume at irresistible prices. At Sam's Club we serve business and individual members looking for the best shopping experience whether in-store or online, we offer On Demand from all our clubs with home delivery or pickup.



Discount warehouses and discount stores

Stores focused on customers looking for the best price and value in their purchases. Through our Every Day Low Price value proposition we offer perishables, groceries, consumables, general merchandise and household items at the best prices in the market. Now also online with a wide assortment of general merchandise on our website and On Demand with same day delivery.



Supermarkets

We offer excellent quality products in departments such as perishables, groceries, consumables and selected general merchandise products, focused on providing the best shopping experience to our customers at low prices. With On Demand service with same day delivery, offering greater convenience.



Hypermarkets

Stores focused on offering a broad catalog of perishables, groceries, consumables, general merchandise and apparel through our Every Day Low Price value proposition. We offer an extended catalog from our website, where we also have a marketplace so our customers can find everything they are looking for in one place. We have enabled stores with omnichannel capabilities to offer On Demand with same-day delivery.





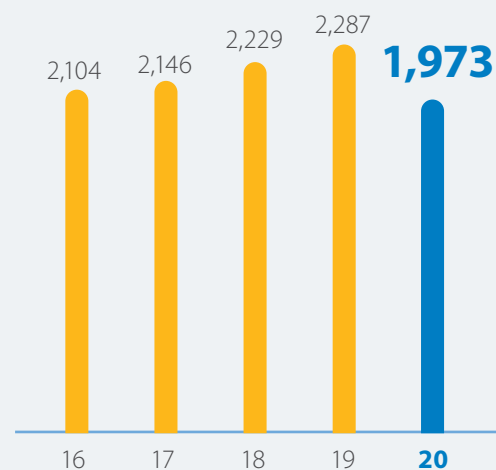
KEY PERFORMANCE INDICATORS

GRI 102-7,102-8



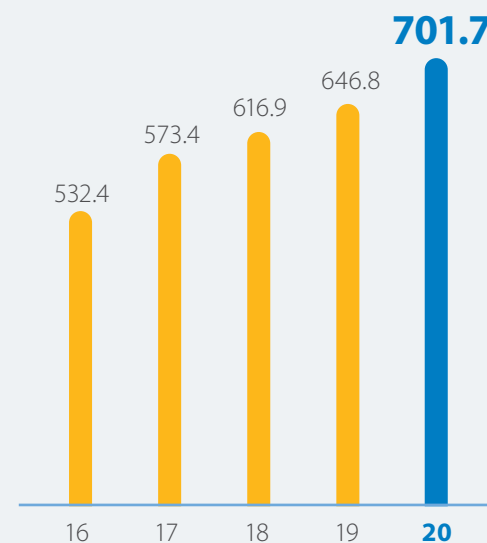
Transactions

Millions



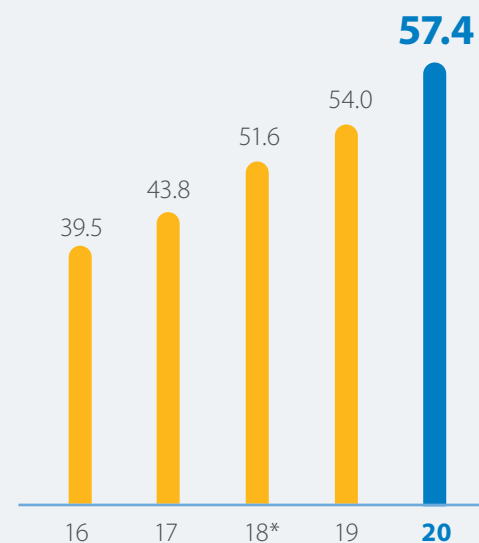
Total Revenue

MXN Billions



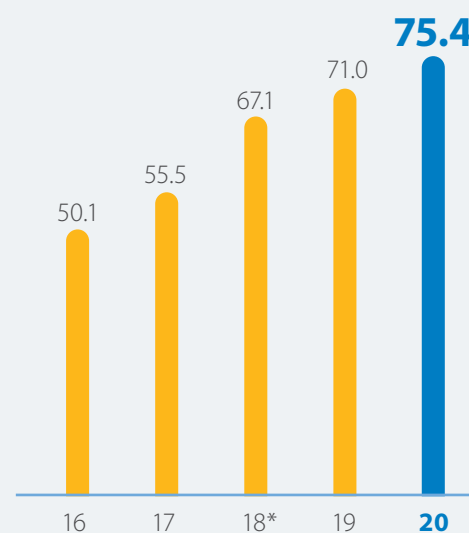
Operating income

MXN Billions



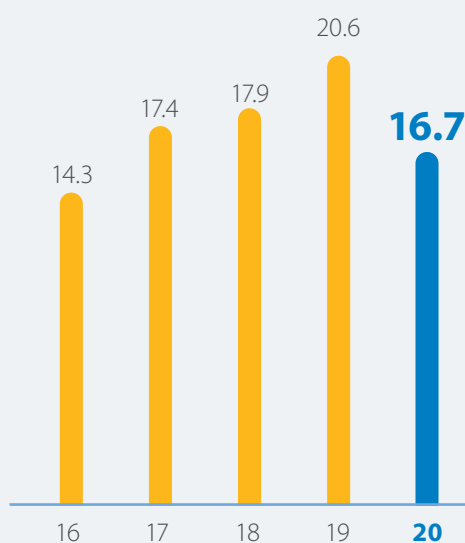
EBITDA

MXN Billions



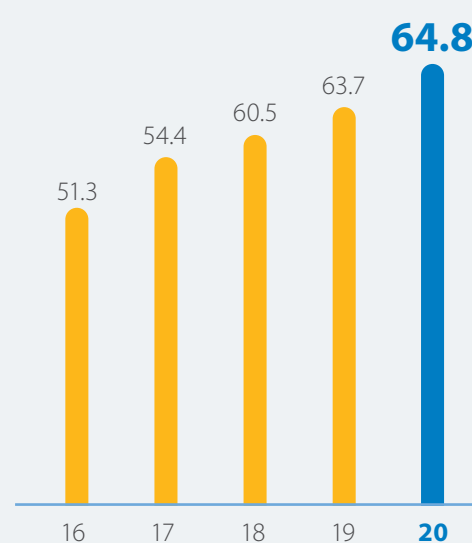
Investment in fixed assets

MXN Billions



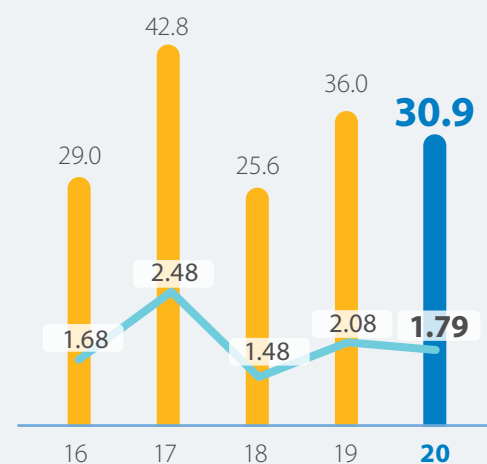
Cash generation

MXN Billions

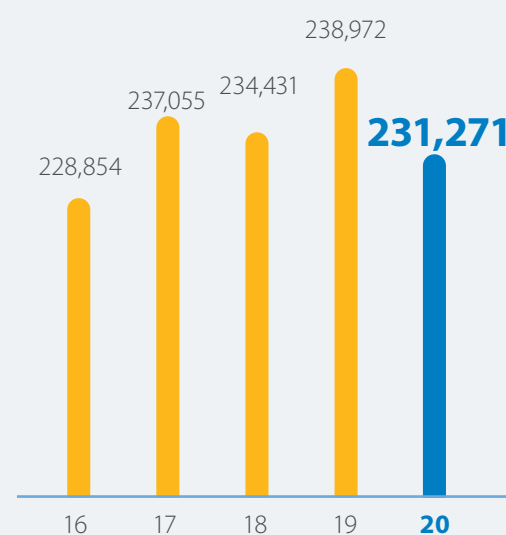


Dividend paid

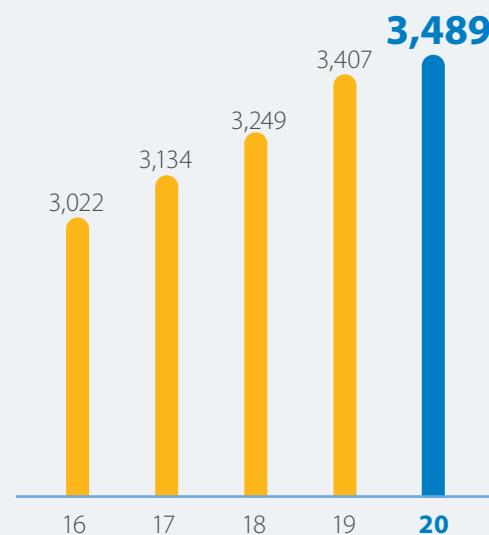
January-December
MXN Billions
MXN per share



Number of associates



Total units



* In order to provide the investors community a better view of the underlying performance of our business, we are including a retroactive estimation of the effect the adoption of the IFRS 16 would have had on 2018 financial results. These pro-forma 2018 figures are not audited, but are based on the 2018 audited reported results and adjusted with our best estimates to show the effects related to the adoption of the IFRS 16.

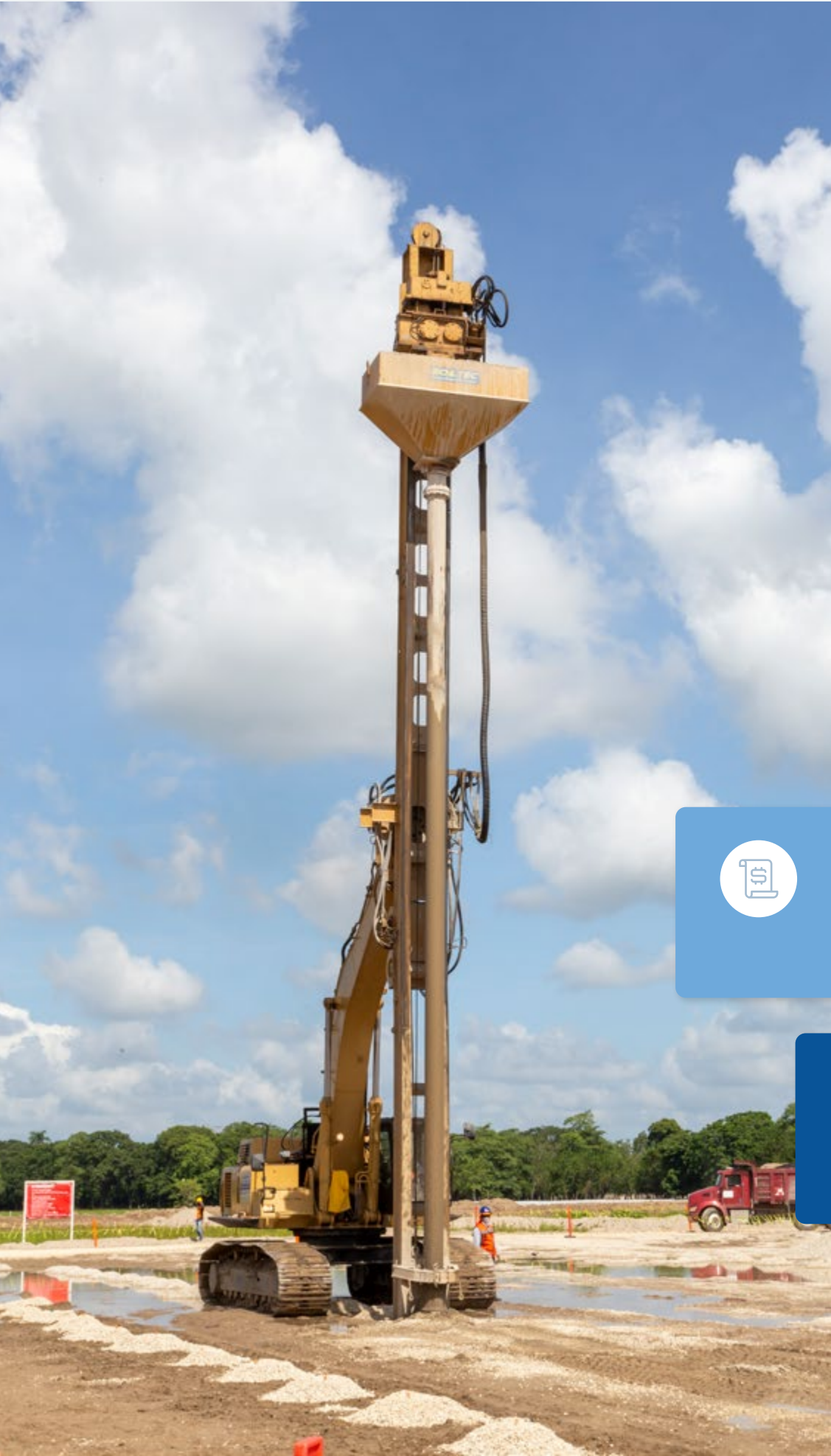
DELIVERING RESULTS

As a result of the confidence in our operation, financial strength, and constant innovation, during the last five years our share price has reached maximum levels year after year. In 2020, our price per share reached a record high of 60.10 pesos, despite a challenging situation.

Walmart de México y Centroamérica consistently evolves and innovates; we are set to continue operating the business of the future, while continuing to generate returns.

In retribution for the confidence of our shareholders, this year we paid 30.9 billion pesos in dividends. Said amount takes into account a payment of 1.79 pesos per share decreed in 2020, comprising an ordinary cash dividend of 0.87 pesos per share and an extraordinary dividend of 0.92 pesos per share. The ordinary dividend was paid in three installments; the first at 0.27 pesos per share in June 2019, and two payments of 0.30 pesos per share in November and December 2019. The extraordinary dividend was paid in two installments; the first at 0.45 pesos per share in November 2019, and the second at 0.47 pesos per share in December 2019.





INVESTMENTS

Aligning to the priorities that guided our decisions [this year](#), we managed the short term effectively, financially, and operationally, and we continued to implement our strategy even amid the crisis. We decided to continue investing and to further strengthen our omnichannel business, which allowed us to provide an immediately and essential service to our customers during the emergency, and in the long-term, we built capabilities and infrastructure to continue evolving and innovating, ready to face future challenges.



16.7 billion

pesos invested in
high-return strategic projects



7.2 million

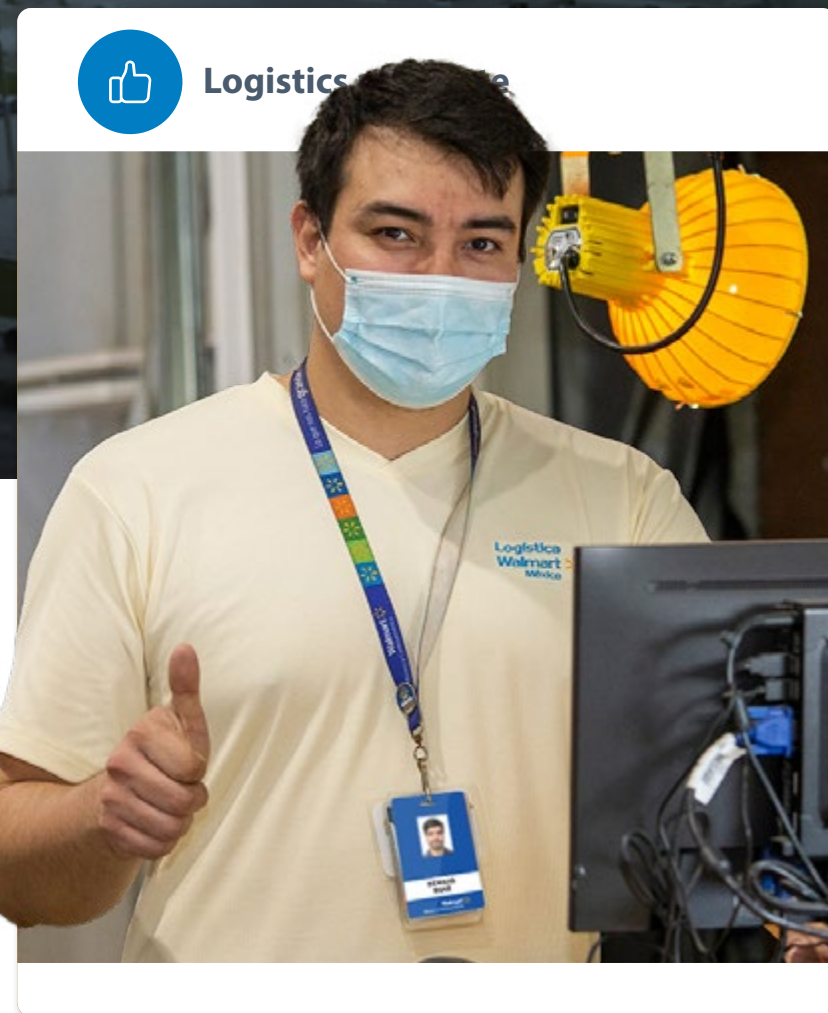
m² in sales floor

Despite being unable to implement our investment plans as expected, we invested 16.7 billion pesos in high-return strategic projects, of which 43% were allocated for remodeling and maintaining existing stores; 27% for opening new stores; 16% for eCommerce and technology, and 14% for redesigning our logistics network.

Once restrictions were lifted by the authorities, during the year we resumed the growth of new stores at an even faster pace. [We opened 82 new units, 63 in Mexico and 19 in Central America, thus contributing 1.5% to total revenue.](#) We closed the year with a total of 3,489 stores, amounting to over 7,000,000 m² in sales floor.



This year we made the impossible possible, and we are quite proud of our achievements. They are the product of the efforts of our associates, the preference of our customers, and our financial strength



Our Company has a robust logistics network, which we continue to reinforce. Throughout the year, we opened three new operations: a fulfillment center in the State of Mexico, which services the center of the country for sales via our eCommerce platforms, requiring an investment over 0.6 billion pesos. We additionally opened our first two omnichannel DCs; the first in Mérida, Yucatán, with an investment of more than 1.1 billion pesos, which will supply the entire country but with greater focus on the central and southeast regions; and a second one in Chihuahua, with an investment of 0.9 billion pesos.

We continue making efficient investments to protect our associates and the planet. This year we opened two Bodega Aurrera units within our DC in the State of Mexico and Mérida, created to meet their needs easier and safely. Sustainability is consistently found within our investment agenda; all our new store prototypes have solar panels, led lighting, they are hermetically sealed and have highly efficient equipment to save up to 30% in energy use.

INCOME STATEMENT AND BALANCE SHEET

At December 31, 2020 (MXN Billions)



Consolidated Results Walmex



	2020		2019		Var.
		%	\$	%	%
Total revenues	701.7	100.0	646.8	100.0	8.5
Gross profit	162.0	23.1	148.1	22.9	9.4
SG&A	105.0	15.0	94.4	14.6	11.2
Other income, net	0.4	0.1	0.4	0.1	18.7
Operating income	57.4	8.2	54.0	8.3	6.4
EBITDA	75.4	10.7	71.0	11.0	6.2
Net income	33.4	4.8	37.9	5.9	-11.8



Balance sheet

Assets



35.7
Cash



68.3
Inventories



257.9
Fixed Assets
and Others

Liabilities and Equity



92.4
Accounts Payable



269.5
Equity
and Others

Total

361.9



FINANCIAL SUMMARY (MILLION PESOS)

GRI 102-45, 102-48, 201-1

	*IFRS															**MFRS		
	2020	2019	2018 ⁽¹¹⁾	2018	2017 ⁽¹⁰⁾	2017	2016 ⁽⁸⁾	2015 ⁽⁷⁾	2015 ⁽⁶⁾	2014 ⁽⁴⁾	2013 ⁽⁴⁾	2013 ⁽¹⁾	2012 ⁽¹⁾	2012	2011	2011	2010	2009
Mexico GDP (Growth,%)	(8.5)	(0.1)	2.0	2.0	2.1	2.1	2.3	2.5	2.5	2.1	1.1	1.1	3.9	3.9	3.9	3.9	5.5	(6.1)
Mexico Annual Inflation (%)	3.2	2.8	4.8	4.8	6.8	6.8	3.4	2.1	2.1	4.1	4.0	4.0	3.6	3.6	3.8	3.8	4.4	3.6
Peso Depreciation	(5.1)	(4.0)	0.0	0.0	(5.2)	(5.2)	19.2	18.0	18.0	13.0	1.4	1.4	(7.9)	(7.9)	12.9	12.9	(5.6)	(4.5)
Average Exchange Rate	21.5	19.3	19.3	19.3	18.9	18.9	18.7	15.9	15.9	13.3	12.8	12.8	13.1	13.1	12.5	12.5	12.6	13.4
Year-end Exchange Rate	19.9	18.9	19.7	19.7	19.7	19.7	20.7	17.4	17.4	14.7	13.0	13.0	12.9	12.9	14.0	14.0	12.4	13.1
Mexico Average Interest Rate (28 Day Cetes,%)	4.5	7.8	7.6	7.6	6.7	6.7	4.2	3.0	3.0	3.0	3.8	3.8	4.2	4.2	4.2	4.2	4.4	5.4
RESULTS																		
NET SALES	696,711	641,825	612,186	612,186	569,015	569,367	528,571	472,460	485,864	437,659	420,577	420,577	407,843	413,792	375,280	379,021	334,511	269,397
% of growth total units	8.6	4.8	7.6	7.6	NA	8	12	11	11	4	3	3	NA	10	12	13	24	10
% of growth comp units	7.0	3.3	5.7	5.7	6	6	10	9	9	1	(1)	(1)	4	4	4	4	3	3
OTHER INCOME	5,023	5,021	4,724	4,724	4,356	3,898	3,813	3,451	3,503	3,329	3,246	4,584	4,217	4,259	3,570	1,885	1,346	1,054
% of growth	0.0	6.3	8.4	8.4	NA	2	11	NA	5	3	NA	9	NA	19	NA	40	28	19
TOTAL REVENUES	701,734	646,846	616,910	616,910	573,371	573,265	532,384	475,911	489,367	440,988	423,823	425,161	412,060	418,051	378,850	380,906	335,857	270,451
% of growth	8.5	4.9	7.6	7.6	NA	8	12	NA	11	4	NA	3	NA	10	NA	13	24	10
GROSS PROFIT	162,040	148,051	141,647	141,586	131,072	127,695	117,484	102,603	107,380	97,619	92,948	93,624	90,228	94,597	85,109	83,698	74,059	58,600
% of profit margin	23.1	22.9	23.0	23.0	22.9	22.3	22.1	21.6	21.9	22.1	21.9	22.0	21.9	22.6	22.5	22.0	22.1	21.7
GENERAL EXPENSES	105,042	94,427	90,276	92,597	86,921	83,684	77,834	69,548	72,235	64,010	61,318	62,102	58,541	61,926	55,574	53,619	47,015	36,332
% of total revenues	15.0	14.6	14.6	15.0	15.2	14.6	14.6	14.6	14.8	14.5	14.5	14.6	14.2	14.8	14.7	14.1	14.0	13.4
OPERATING INCOME	57,447	54,003	51,572	49,190	43,838	43,838	39,455	32,828	34,969	34,716	31,636	31,532	31,422	32,399	29,591	30,079	27,044	22,268
% of total revenues	8.2	8.3	8.4	8.0	7.6	7.6	7.4	6.9	7.1	7.9	7.5	7.4	7.6	7.7	7.8	7.9	8.1	8.2
% of growth	6.4	9.8	NA	12	11	11	20	NA	1	10	NA	0	NA	9	NA	11	21	13
EBITDA	75,387	71,005	67,148	61,747	55,482	55,482	50,149	42,592	44,993	42,854	40,305	40,222	39,860	41,166	37,188	37,415	33,294	26,915
% of total revenues	10.7	11.0	10.9	10.0	9.7	9.7	9.4	8.9	9.2	9.7	9.5	9.5	9.7	9.8	9.8	9.8	9.9	10.0
FINANCIAL INCOME (EXPENSES), NET	(7,983)	(4,801)	(4,242)	(330)	(548)	(548)	(323)	89	55	(154)	(16)	(15)	401	399	189	191	460	662
INCOME BEFORE INCOME TAX	49,464	49,202	47,330	48,860	43,290	43,290	39,132	32,917	35,024	34,562	31,620	31,517	31,823	32,798	29,780	30,198	27,630	23,018
INCOME TAX	16,029	11,304	11,724	12,107	10,900	10,900	10,623	9,473	10,087	9,521	9,632	9,517	9,237	9,529	7,695	7,939	8,066	6,212
DISCONTINUED OPERATIONS	-	-	-	-	7,475	7,475	4,842	2,935	1,442	5,394	725	713	683	-	-	-	-	-
CONSOLIDATED NET INCOME ATTRIBUTABLE TO THE PARENT	33,435	37,898	35,606	36,753	39,865	39,865	33,352	26,376	26,376	30,426	22,717	22,717	23,275	23,275	22,080	22,254	19,550	16,806
of growth	(11.8)	3.1	NA	(7.8)	19.5	19.5	26.5	(13.3)	(13.3)	33.9	(2.4)	(2.4)	5.4	5.4	NA	13.8	16.3	14.5
FINANCIAL POSITION																		
CASH	35,670	30,857	38,830	38,830	35,596	35,596	27,976	24,791	24,791	28,048	21,129	21,129	28,163	28,163	25,166	25,166	24,661	19,483
INVENTORIES	68,360	67,553	63,344	63,344	59,463	59,463	53,665	49,749	49,749	47,175	43,795	43,795	39,092	39,092	39,336	40,163	29,023	22,507
OTHER ASSETS	31,401	27,178	25,891	25,144	22,742	22,742	30,881	15,831	15,831	19,475	19,510	19,510	12,909	12,909	13,579	13,249	9,056	6,256
FIXED ASSETS	191,455	188,438	177,891	144,222	140,082	140,082	136,349	130,222	130,222	125,996	121,083	121,083	117,377	117,377	111,372	116,680	102,300	84,893
GOODWILL	34,997	35,145	34,989	34,989	37,373	37,373	39,421	33,057	33,057	28,020	24,745	24,745	24,745	24,745	29,768	29,768	29,768	-
TOTAL ASSETS	361,883	349,171	340,945	306,529	295,256	295,256	288,292	253,650	253,650	248,714	230,262	230,262	222,286	222,286	219,221	225,026	194,808	133,139
SUPPLIERS	92,356	87,116	85,327	85,327	80,099	80,099	65,919	56,396	56,396	52,710	47,609	47,609	44,770	44,770	50,854	50,854	38,000	30,378
OTHER LIABILITIES	100,408	93,911	91,038	56,288	55,623	55,623	55,347	45,433	45,433	45,758	39,702	39,702	37,679	37,679	39,184	40,894	33,948	19,613
EQUITY	169,119	168,144	164,580	164,914	159,534	159,534	167,026	151,795	151,795	150,223	142,931	142,931	139,701	139,701	128,867	132,962	122,531	83,148
NON-CONTROLLING INTEREST	-	-	-	-	-	-	-	26	26	23	20	20	136	136	316	316	329	-
TOTAL LIABILITIES, EQUITY AND NON-CONTROLLING INTEREST	361,883	349,171	340,945	306,529	295,256	295,256	288,292	253,650	253,650	248,714	230,262	230,262	222,286	222,286	219,221	225,026	194,808	133,139

GRI 203-1, 102-45

	*N I I F															**N I F		
	2020	2019	2018 ⁽¹¹⁾	2018	2017 ⁽¹⁰⁾	2017	2016 ⁽⁸⁾	2015 ⁽⁷⁾	2015 ⁽⁶⁾	2014 ⁽⁴⁾	2013 ⁽⁴⁾	2013 ⁽¹⁾	2012 ⁽¹⁾	2012	2011	2011	2010	2009
NUMBER OF UNITS MEXICO																		
Bodega Aurrea	2,088	2,035	1,910	1,910	1,820	1,820	1,763	1,719	1,719	1,660	1,589	1,589	1,423	1,423	1,204	1,204	899	684
Walmart Supercenter	287	280	274	274	270	270	262	256	256	251	243	243	227	227	213	213	192	169
Sam's Club	164	163	163	163	162	162	160	160	160	159	156	156	142	142	124	124	108	98
Superama	89	93	91	91	94	94	96	95	95	93	92	92	90	90	88	88	75	69
Walmart Express	6																	
Suburbia	-	-	-	-	-	-	-	117	117	116	109	109	100	100	94	94	90	86
Medimart Pharmacies	-	-	-	-	10	10	10	10	10	10	10	10	6	-	-	-	-	-
Vips Restaurants	-	-	-	-	-	-	-	-	-	-	-	-	365	365	364	364	366	360
TOTAL	2,634	2,571	2,438	2,438	2,356	2,356	2,291	2,357	2,357	2,289	2,199	2,199	2,353	2,347	2,087	2,087	1,730	1,466
NUMBER OF UNITS CENTRAL AMERICA																		
Discount Stores	563	549	540	540	522	522	495	484	484	477	466	466	459	459	453	453	401	377
Supermakets	100	99	97	97	94	94	92	99	99	96	100	100	97	97	96	96	94	92
Bodegas	157	155	143	143	133	133	117	102	102	94	75	75	67	67	54	54	36	32
Walmarts	35	33	31	31	29	29	27	24	24	22	20	20	17	17	17	17	16	16
Clubs	-	-	-	-	-	-	-	-	-	1	1	1	2	2	2	2	2	2
TOTAL	855	836	811	811	778	778	731	709	709	690	662	662	642	642	622	622	549	519
Banco Walmart																		
Bank branches	-	-	-	-	-	-	-	-	-	-	201	201	263	263	263	263	263	190
OTHER INFORMATION AT THE END OF THE YEAR																		
Number of Associates	231,271	238,972	234,431	234,431	237,055	237,055	228,854 ⁽⁹⁾	231,996	231,996	228,063 ⁽⁵⁾	224,901 ⁽⁵⁾	226,289 ⁽³⁾	248,246	248,246	238,128	238,128	219,767	176,463
Share Price (2) (pesos)	55.98	54.15	49.97	49.97	48.19	48.19	37.05	43.49	43.49	31.72	34.26	34.26	42.33	42.33	38.23	38.23	35.44	29.35
Number of Outstanding Shares (2) (millions)	17,461	17,461	17,461	17,461	17,461	17,461	17,461	17,461	17,461	17,507	17,627	17,627	17,722	17,722	17,747	17,747	17,848	16,752
Market Value	977,467	945,513	872,526	872,526	841,446	841,446	646,930	759,379	759,379	555,322	603,901	603,901	750,172	750,172	678,471	678,471	632,533	491,671
Earnings per Share (2) (pesos)	1.915	2.170	2.105	2.105	2.283	2.283	1.910	1.508	1.508	1.732	1.284	1.284	1.312	1.312	1.240	1.250	1.105	0.999
Payment of Dividends	30,934	35,957	25,582	25,582	42,756	42,756	28,972	31,562	31,562	21,643	16,056	16,056	9,612	9,612	9,659	9,659	5,743	5,040
Number of Shares Repurchased (2) (millions)	-	-	-	-	-	-	-	47	47	123	96	96	27	27	103	103	112	117
Investment in Shares Repurchased	-	-	-	-	-	-	-	1,825	1,825	3,996	3,328	3,328	1,088	1,088	3,455	3,455	3,472	2,509
1 Vips is presented under Discontinued Operations.																		
2 Adjusted according to split conducted in April 2010																		
3 Vips' associates not included																		
4 Banco Walmart's & Vips' results are presented under Discontinued Operations.																		
5 Banco Walmart's associates not included.																		
6 Results from Banco Walmart and its sales presented under Discontinued Operations.																		
7 Suburbia's and Banco Walmart' sales and results are presented under Discontinued Operations.																		
8 Suburbia's results are presented under Discontinued Operations. Financial position displays reclassifications in presentation, in order to be comparable to 2017 only.																		
9 Suburbia's associates not included.																		
10 Information with adjustments, derived from the Income Standard that applies as of 2018.																		
11 Information with adjustments, derived from the Leases that applies as of 2019.																		
* IFRS = Financial information under International Financial Reporting Standards.																		
** MFRS = Financial information under Mexican Financial Reporting Standards.																		
NA = Non Applicable.																		
ACQUISITIONS OF PROPERTY AND EQUIPMENT	16,728	20,575	17,933	17,933	17,426	17,426	14,335	12,526	12,526	12,691	13,987	13,987	14,660	14,660	18,352	18,352	13,130	9,735