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WALMEX*.MX - Wal Mart de Mexico SAB de CV Cornershop Acquisition
Webcast

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PRESENTATION

Operator

Welcome to the Cornershop Acquisition Webcast. My name is Sylvia, and I will be your operator for today's call. (Operator Instructions)

I will now turn the call over to Ms. Pilar de la Garza. You may now begin.

Pilar de la Garza - *Wal-Mart de México, S.A.B. de C.V. - Senior Director of IR*

Good morning. This is Pilar de la Garza, Investor Relations Senior Director for Walmex. Thank you for joining us today to learn more about the acquisition of Cornershop and our eCommerce strategy. On today's call with me, Guilherme Loureiro, President and Chief Executive Officer for Walmart de México y Centroamérica.

Today's call is being recorded and will remain available at www.walmex.mx. Before we start, let me remind you that the content of this call is property of Wal-Mart de México S.A.B. de C.V. and is intended for the use of the company's shareholders and investment community. It should not be reproduced in any way.

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Now I would like to turn it over to Gui.

Guilherme De Souza Macedo Loureiro - *Wal-Mart de México, S.A.B. de C.V. - President, CEO & Director*

Thank you, Pilar, and good afternoon, everyone. Thank you for joining us on today's call. We are very excited to share with you that Walmart, Inc. recently announced it has entered into a definitive agreement to acquire Cornershop Inc. subject to the approval of regulatory authorities in Mexico and Chile and to certain other customary conditions.

Simultaneously with or briefly after the closing of said transaction, Walmex will acquire from Walmart, the Mexican business of Cornershop. We also announced that we're entering a commercial agreement under which Cornershop's customers will have the opportunity to buy products at Walmex stores and clubs in Mexico at the same price at which they are offered at physical stores and clubs. You can find more details in the press release.

In Walmex, our vision is to be the most trusted retailer in Mexico, saving money and making life easier to our customers. Omnichannel plays a key role. Our goal is to make available for our customers the thousands of items we offer at our stores and clubs with the same-day delivery. In this vein, the acquisition of Cornershop is fundamental. It will help us to improve significantly the on-demand services, allowing us to reach our customers faster and in a more efficient way, especially in the urban areas.

But before we describe the details of that transition, let me give you some context of our omnichannel strategy. The business has been evolving, and in the past years, we have focused on building capabilities to accelerate growth. We had success with the launch of several models, such as extended catalogs, kiosks and stores and club pickup. We have invested in better phones and apps, and we have expanded our capabilities through acquisitions. For example, through the Marketplace offering we launched last year.



We are pioneers in online grocery in Mexico. We started with Superama many years ago and we have strengthened the business and scaled it to the other formats. Currently, we offer grocery home delivery in 40% of the Walmart Stores and in almost all Superama stores and Sam's Clubs. We are committed to continuing this business. Online grocery allows us to leverage our biggest assets, our stores and our logistics network helps us to give loyalty and to increase shopping frequency.

We are developing an omnichannel business model that benefits customers and shareholders. This integrated model is based on 3 platforms. The first one is on-demand, a convenient solution for our customers that allow us to increase shopping frequency while leveraging our assets. The second platform is for the first party, having an extended catalog in strategic locations allow us to give a better service, and at the same time, improve the profitability of the sales floor. The last one is the Marketplace that enables us to expand our reach to more customers through a differentiated assortment.

Our priority is to win in on-demand, and our infrastructure positions us to lead in this business. In the urban areas, which concentrate a large portion of the population and purchasing power, we have stores 10 minutes away from 85% of the population. This capillarity is actually a huge competitive advantage. By being closer to our customers, we can provide a quicker and fresher service.

We are moving fast, but there is still a lot of work to do. We constantly look for ways to improve our productivity and shopping experience, and the acquisition of Cornershop accelerates our progress across these priorities.

Cornershop is a leading online marketplace platform for on-demand deliveries from supermarkets, pharmacies and specialty food retailers. It's a 3-year-old company, founded by experienced engineers that operate in Mexico and Chile. Their unique [caused them to] develop a world-class app with clickable business model and on-demand crowdsource at picking and delivery services, will allow us to step up our force in on-demand.

Cornershop has grown rapidly and has demonstrated the ability to scale fast. In Mexico, it delivers more than 2,000 orders daily in less than 90 minutes and offers more than 106,000 items from 237 stores. It currently operates in 6 cities: Mexico City, Guadalajara, Monterrey, Puebla, Querétaro and Leon.

By adding new capabilities to our already robust infrastructure, we'll move even faster. Among other synergies, Cornershop will enable us to expand the on-demand services to more stores and categories, drive growth while leveraging Walmex's physical presence and higher investments; improve the customer experience and simplify grocery delivery operations; access technology, talent and the best practice in digital. The platform will remain open for all retailers, suppliers and customers. The acquisition is subject to regulatory approvals and expected to close by the end of 2018.

In closing, I would like to welcome all Cornershop's associates, customers, business and suppliers to the Walmex family. Cornershop's digital leadership, technology and capabilities, combined with Walmex's unique assets, the scale, retail expertise and logistics capabilities, will allow us to accelerate growth and deliver more value to customers.

Thank you very much. And as always, we'll make ourselves available to receive your calls to answer any questions you may have.

Operator

Thank you, ladies and gentlemen. This concludes today's conference. Thank you for participating. You may now disconnect.



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