# GRUPO COMERCIAL CHEDRAUI

## CORPORATE PRESENTATION

Third Quarter 2023

# Timeline

**1970** — Apertura de la primera

The first Chedraui store is opened in Xalapa, Veracruz, Mexico.

**1970-1980**

Chedraui expands to other regions in Mexico, opening new stores.

**1985**

Chedraui starts operating its Real Estate Division

**1987**

Establishment of Grupo Comercial Chedraui, S.A. de C.V. in Xalapa, Mexico

**1997**

Chedraui expands internationally, opening its first stores in the United States under the El Super banner.

**2005**

Chedraui acquires the Mexican operations of the supermarket chain Carrefour, entering Mexico City through the deal

**2008**

Chedraui acquires the Gigante operation in the US

**2010**

Chedraui becomes a publicly traded company in the Mexican Stock Exchange (BMV).

**2012**

Acquisition of 8 stores in California, USA.

**2018**

Chedraui continues to expand its store presence in the United States through the acquisition of Fiesta Mart in Texas

**2020**

Chedraui releases its first Sustainability Annual report, reaffirming it commitment with best practices

**2021**

Acquisition of 254 Smart & Final stores in California, Nevada and New Mexico.

**2022**

Acquisition of 36 Arteli stores in Northeast Mexico

**2023**

Inclusion to the S&P / BMV IPC index

# Our Strategy and Core Values

## ✓ LOWEST PRICE:

We constantly monitor the competition, both at the central and local level, to adjust prices based on results, ensuring that we are the best option for our customers.

## ✓ BEST ASSORTMENT STORE BY STORE:

Chedraui conducts ongoing analysis of the products available in each store in order to adapt the offering of each format to meet the preferences of the customers who visit them, according to the region and socioeconomic level.

## ✓ CUSTOMER EXPERIENCE:

Chedraui operates with standard measures in each store to ensure that the customer's shopping experience is as satisfactory and comfortable as possible, with good lighting, clear signage of its stores, and ample parking space.

## HONESTY

We always conduct ourselves with truth and integrity, both within and outside the Company, in order to maintain the trust and credibility of our customers, suppliers, shareholders, and colleagues.



## DELIVERING RESULTS

All our actions are aimed at working with profitability and efficiency to guarantee the continuity of the Company, by achieving established objectives and maximizing the use of the resources available to us, without any waste.





## COMMITMENT

We assume with loyalty and responsibility the mission of the Company: "Improve the lives of clients by taking the products they prefer to every possible location at the best price, inspiring our team members to grow and develop within Chedraui.”.



## RESPECT

We treat our employees, customers, and suppliers with dignity and fairness, without abusing our level of authority.

# Grupo Comercial Chedraui: Value Proposition

*Our strategy of having the lowest price, with the right assortment of products and giving the best customer experience possible, is at the core of the company's Mission.*

**Mission** 

**"To improve the lives of our clients by providing their preferred products at the best price, and by fostering the growth and development of our team members within Chedraui."**

# Grupo Comercial Chedraui at a Glance

Grupo Chedraui is a USD $15.4 billion(1) leading company operating in the retail sector in Mexico and the U.S. with 815 stores(2) across multiple formats

**Store Presence**

## Retail Mexico

- Chedraui cuesta menos: 205 stores; 70,000 sqft
- Súper Chedraui cuesta menos: 76 stores; 23,000 sqft
- Súper Che cuesta menos: 8 stores; 8,000 sqft
- Supercito Chedraui cuesta menos: 113 stores; 2,550 sqft
- Arteli: 36 stores; 11,600 sqft

## Retail US

- El Super cuesta menos: 65 stores; 27,000 sqft
- Fiesta: 59 stores; 35,000 sqft
- Smart&Final: 253 stores; 25,000 sqft

+ Real Estate division managing 434,335 sqft of leasable area

(1) Consolidated sales for he last twelve months to 3Q'23, using a conversion rate of MXN Peso 17.0645.
(2) As of September 30, 2023

# Geographic presence in Mexico



**Main highlights:**

- 438 Stores as of September 30, 2023
- Last twelve months (LTM) sales as of 3Q'23 of US$7.0 billion
- LTM EBITDA as of 3Q'23 of US$635 million
- Highest EBITDA margin in our history of 9.1%.
- 4-year net income CAGR growth of 19.3% per year
- Real Estate: Sales and EBITDA in the LTM as of 3Q'23 of US$74.3 million and US$49.2 million, respectively.

*** JV in Northwest Mexico composed by 17 Smart & Final Stores in this región through a joint-Venture.*

# Multi-format & income segment strategy

| Multi-format strategy | | Socio-economic level | | |
|---|---|---|---|---|
| | | Selecto | AB | CD |
| Store size | Tienda Chedraui *(Hypermarket)* | Selecto Chedraui | Chedraui cuesta menos | Chedraui cuesta menos |
| | Súper Chedraui *(Supermarket)* | Selecto Súper Chedraui | Súper Chedraui cuesta menos | Súper Chedraui cuesta menos |
| | Super Che *(Supermarket)* | | | Súper Che cuesta menos |
| | Supercito *(Proximity)* | Selecto Supercito | | Supercito Chedraui cuesta menos |

# Chedraui USA (El Super & Fiesta Mart)

## Overview

- 1st store opened in 3Q’23
- Presence in 5 states
- 124 stores
- USD $3.7 billion in sales in the LTM to the 3Q’23
- EBITDA Margin of 8.6% in the LTM to the 3Q’23

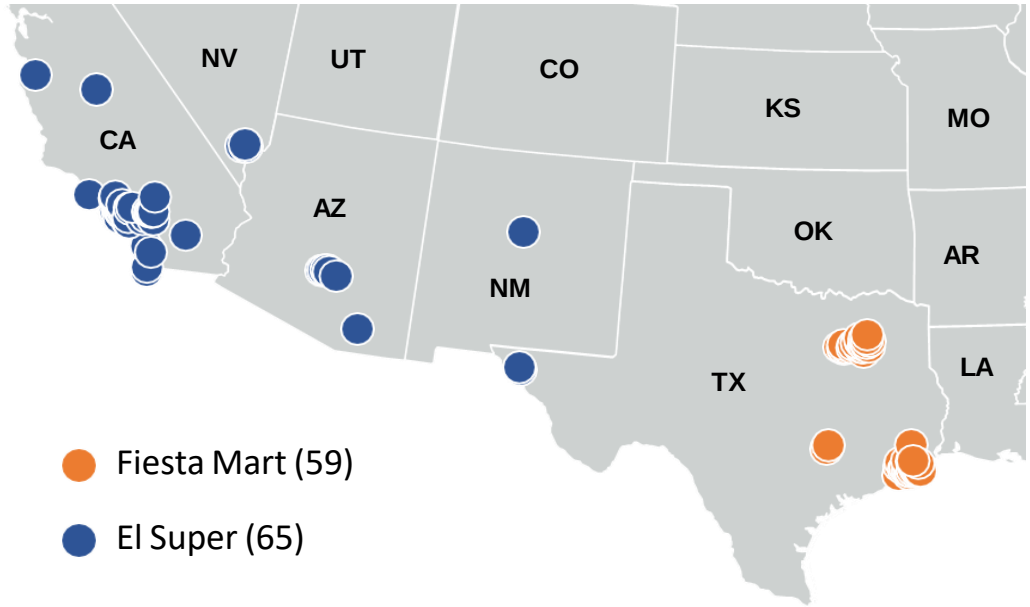
## Key Strengths

- ✓ Price leadership strategy
- ✓ Perishable department execution
- ✓ Limited SKU
- ✓ Low cost operating model
- ✓ Strategic store locations
- ✓ Focus on Hispanic consumer









# Chedraui USA (Smart & Final)

## Overview

- Highly differentiated, value-oriented food retailer
- Presence in 3 states
- 253 stores
- Sales in the LTM to the 3Q'23 of USD $4.7 billion.
- EBITDA Margin of 8.2% in the LTM to the 3Q'23

## Key Strengths

- ✓ Products priced at a reasonable discount compared to conventional grocers and modest premium to warehouse clubs
- ✓ No membership fee
- ✓ Serves both household (~70% of revenues) and business customers (~30% of revenues).
- ✓ Product mix combines high purchase frequency perishables with broad selection of warehouse club packs, strong private label offerings (~28% of sales) and key SKUs suitable for small businesses

Smart&Final

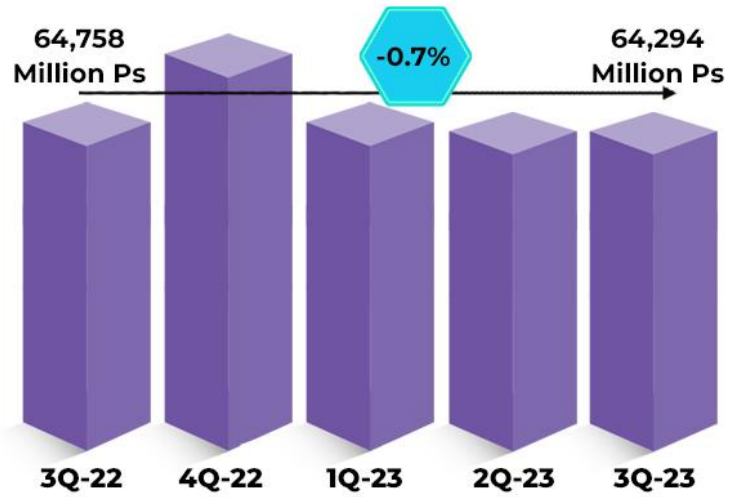


# Financial Performance for the 3Q’23

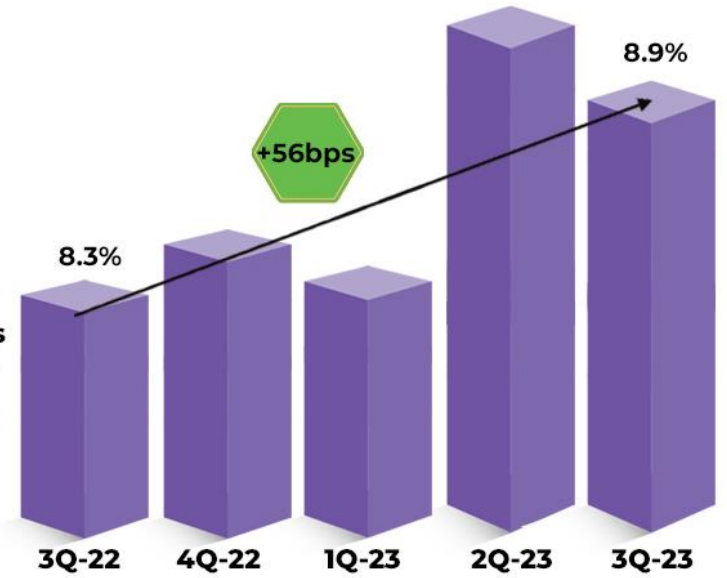
# Strong Sales & EBITDA performance

## 3Q´23 HIGHLIGHTS CONSOLIDATED RESULTS

Consolidated sales impacted by MXN appreciation



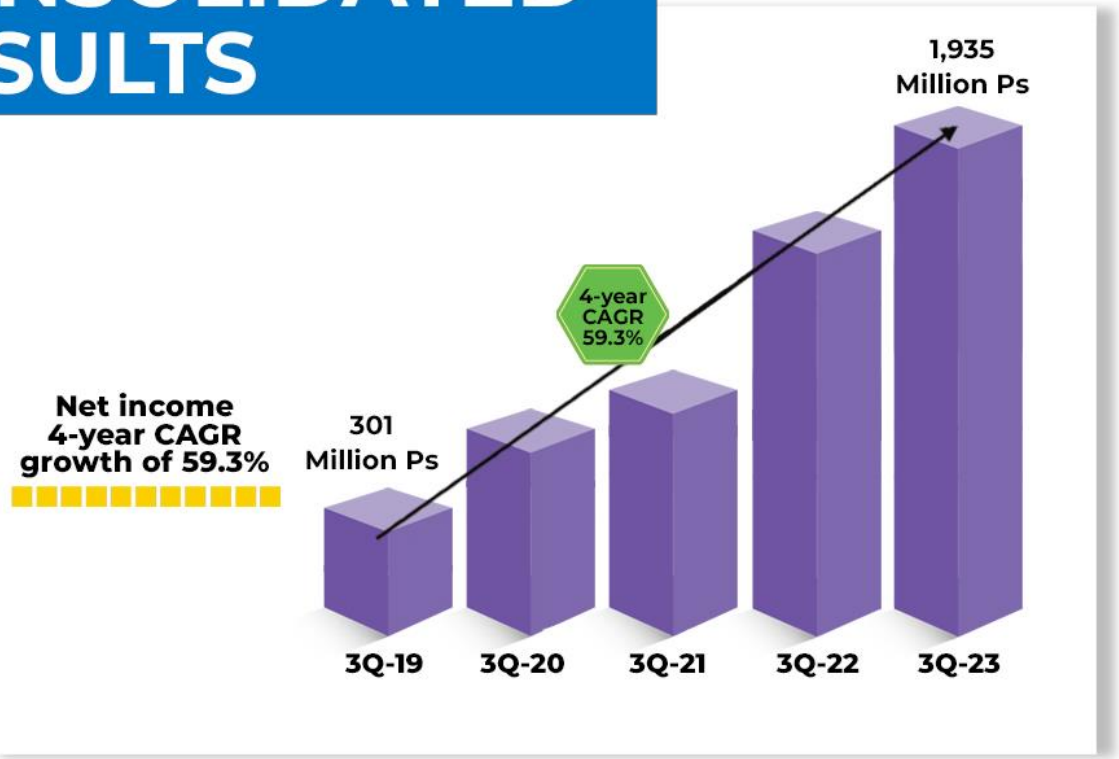

Consolidated EBITDA Margin at 8.9%, remains close to all time highs.

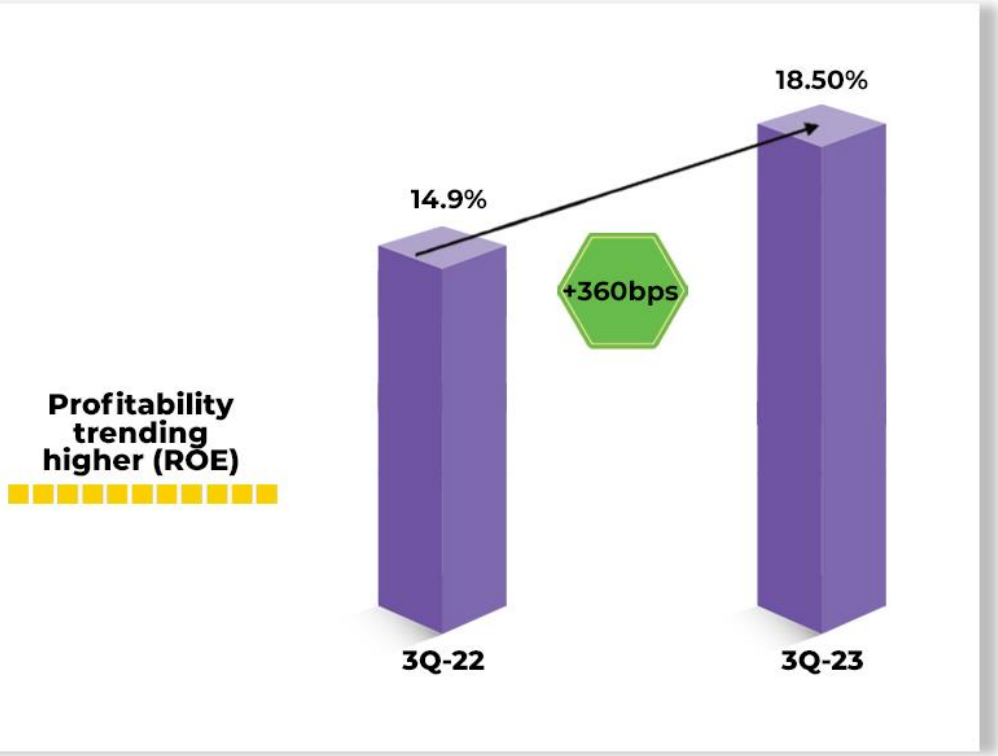



MXN in million

# Net Income & Profitability trending higher

## 3Q´23 HIGHLIGHTS CONSOLIDATED RESULTS




MXN in million

# Financial Performance 3Q'23

01

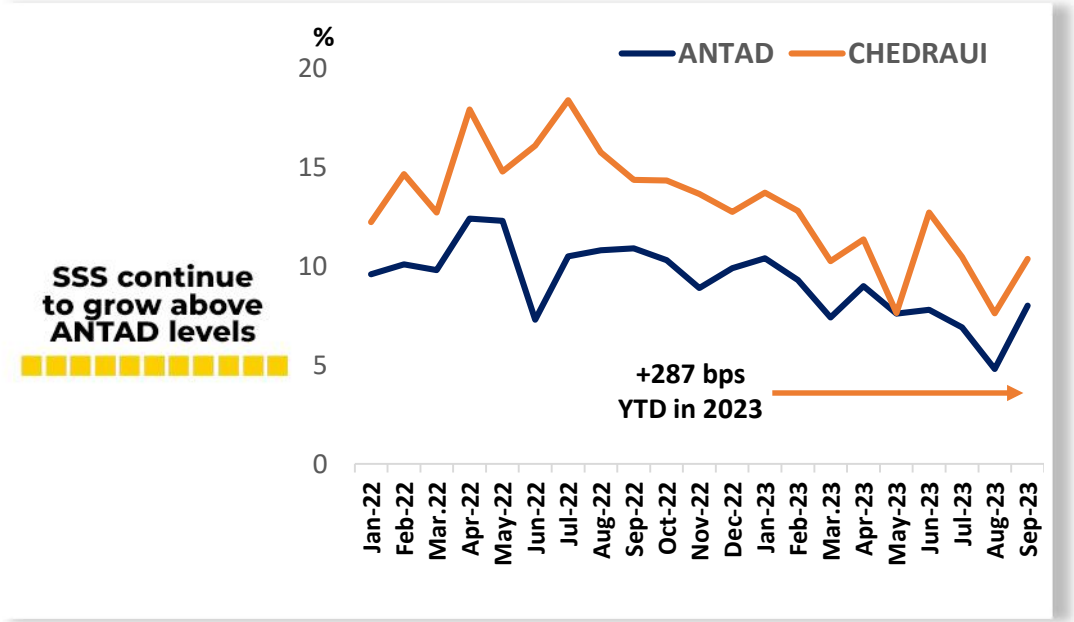
| MXN$ (Million) | 3Q'22 | 3Q'23 | Var. % |
|---|---|---|---|
| Net Sales | 64,758 | 64,294 | -0.7% |
| Cost of Goods Sold | 49,590 | 48,840 | -1.5% |
| Gross Profit | 15,168 | 15,454 | 1.9% |
| % NS | 23.4% | 24.0% | |
| Operating Expenses | 9,780 | 9,742 | -0.4% |
| % NS | 15.1% | 15.2% | |
| **EBITDA** | **5,388** | **5,712** | **6.0%** |
| **% NS** | **8.3%** | **8.9%** | |

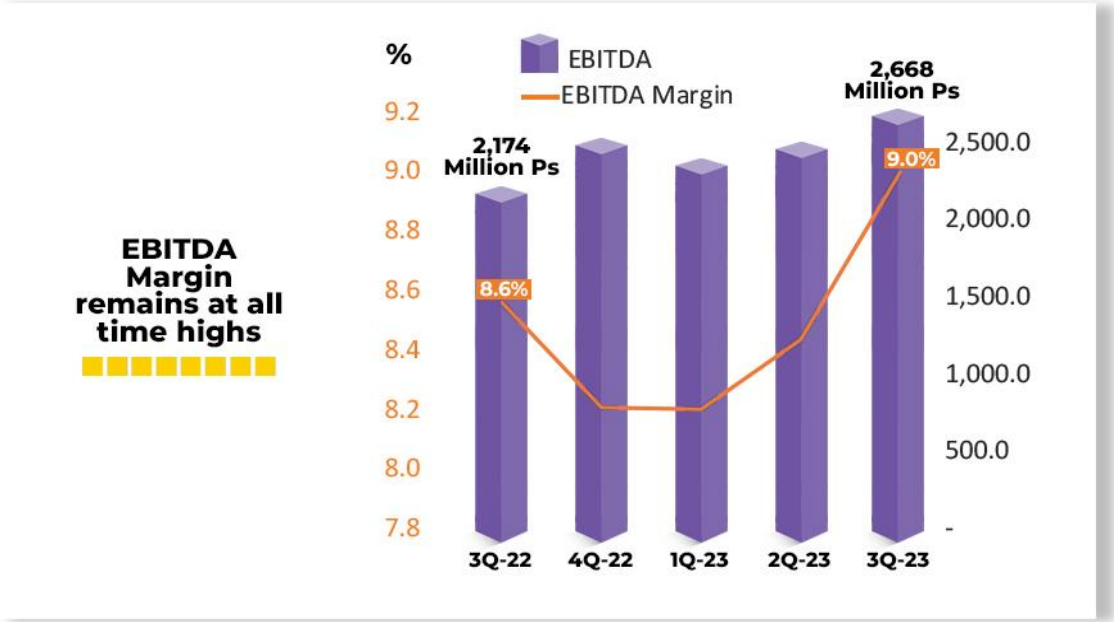
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| MXN$ (Million) | 3Q'22 | 3Q'23 | Var. % |
|---|---|---|---|
| Operating Income | 3,451 | 3,880 | 12.4% |
| Financing Expenses | 1,286 | 1,118 | -13.0% |
| Results of associated companies | 18 | 31 | 69.0% |
| Net Income Before Taxes | 2,184 | 2, 792 | 27.9% |
| Taxes | 717 | 857 | 19.6% |
| Effective Tax Rate | 32.8% | 30.7% | |
| **Net Income** | **1,467** | **1,935** | **31.9%** |
| **% NS** | **2.3%** | **3.0%** | |

# Mexico Highlights: SSS growth above ANTAD

## 3Q´23 HIGHLIGHTS RETAIL MEXICO



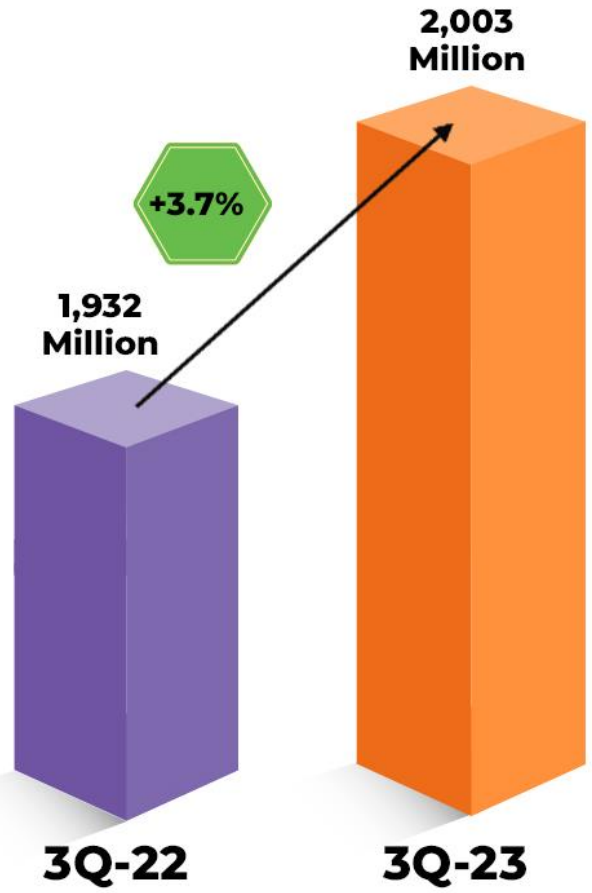




MXN in million

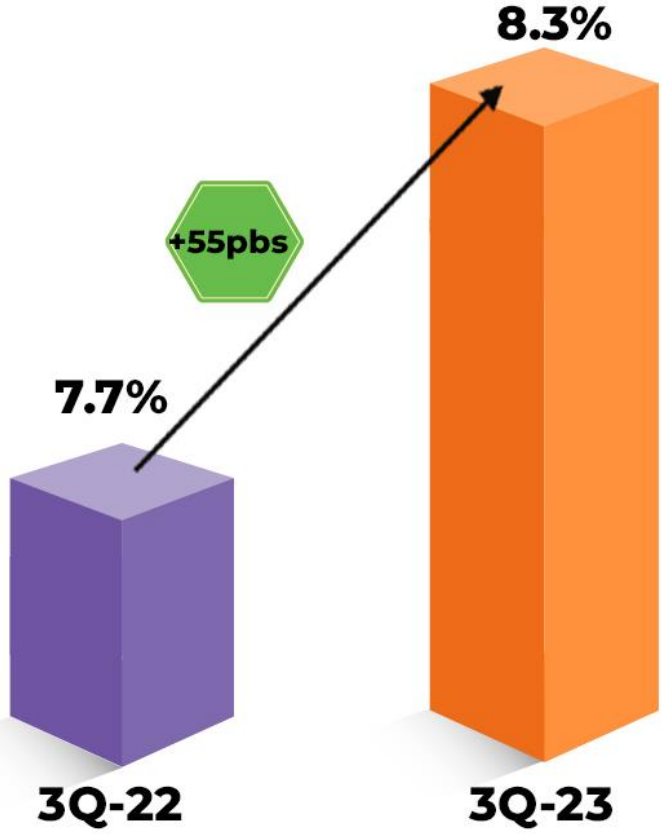
# Chedraui USA Highlights: SSS +3.2% growth

## 3Q´23 HIGHLIGHTS RETAIL U.S.

**Total Sales growing 3.7% in U.S. Dollars**



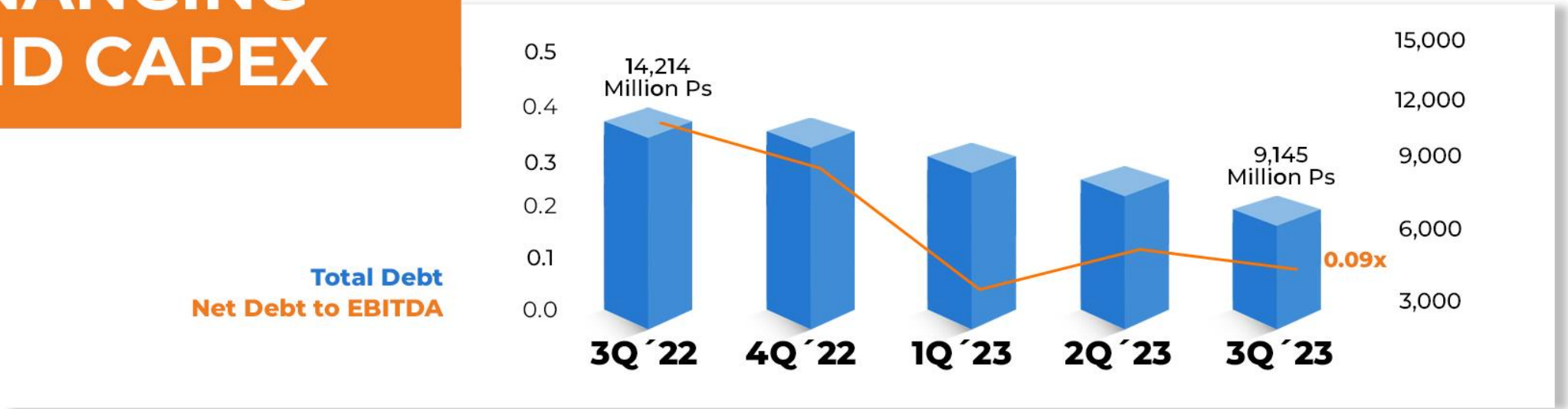

**Consolidated EBITDA Margin at 8.3% with a 55bps margin expansion**

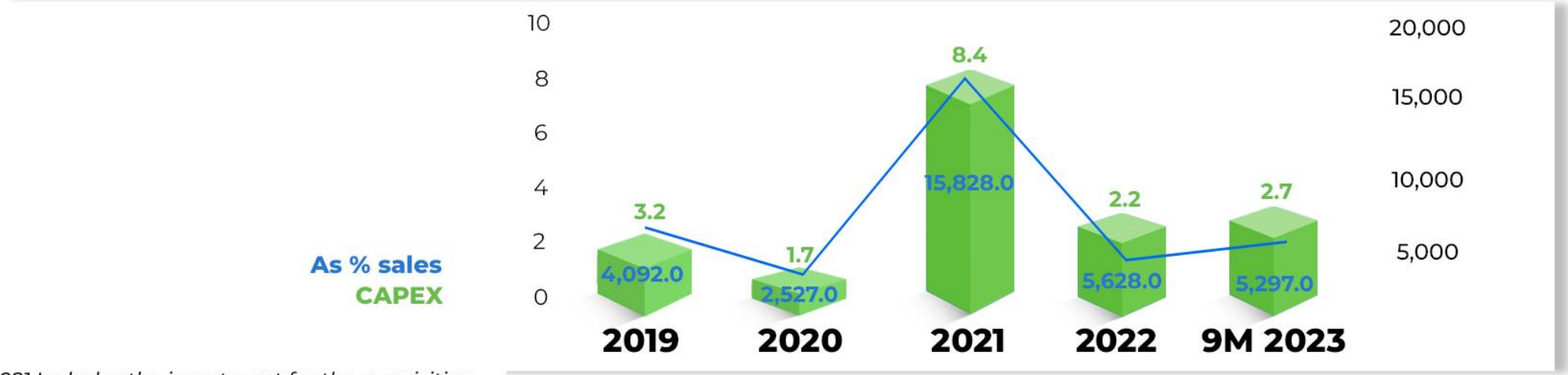



MXN in million

# Low debt levels and strategic CAPEX allocation

## FINANCING AND CAPEX



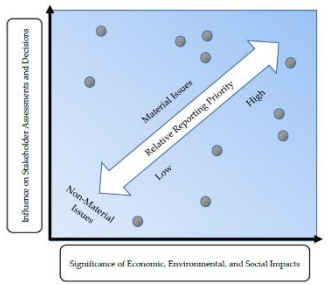




** 2021 Includes the investment for the acquisition of Smart & Final. MXN in million*

# Chedraui’s ESG Commitment

# ESG STRATEGY & MAIN PILARS

## Governance




Materiality:

- Materiality study completed in 2022
- ESG strategy to be shaped in 2023 according to results




Board of Directors:

- 10 Members, 7 independent
- Audit Committee composed by independent directors



Sustainable Committee in place:

- Led by the Deputy General Manager
- All relevant managers included

## Environmental



Energy:

- 70% of all energy coming from renewable sources
- Data disclosed in Annual Sustainability Report



Assessed by third parties:

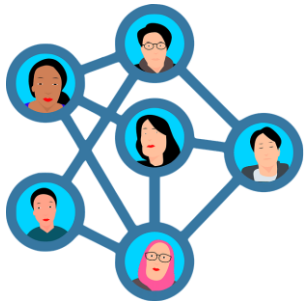
- Actively participating with organizations such as S&P Global and CDP
- Scores improving YoY since starting getting evaluated



Long-term targets to be set:

- On track to establish long-term targets for emissions reductions
- ESG targets included in compensation of key personnel

## Social



Workforce as key of success:

- 70,000+ team members
- 710,000 hours of training in 2022



Diversity and inclusion:

- Women represent over 50% of workforce
- Programs such as women mentorship in place



Commitment to our communities:

- Philantropic work through the Chedraui Foundation
- Over USD $15 million worth of food distributed in 2022

# Thank you

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