

Walmex (Hold, PT \$72.00) Current Price: \$57.45

Flash: Walmex under supervision for 10 years by COFECE

Following the resolution of the Comision Federal de Competencia Economica (COFECE) of December 13, regarding the investigation of anti-competitive practices of the company, it was established that Walmex is prohibited for the next 10 years:

1. Retaliate against its suppliers (sanction or terminate contracts) as a consequence of the commercial relations they have with other self-service stores
2. Demand or impose prices to their suppliers, opening the possibility for them to make attractive offers to other self-service stores
3. Require their suppliers to provide information on the prices or conditions they offer to other stores
4. Apply discounts on the prices at which it purchases products without the prior and express consent of the supplier

Under this context, COFECE will supervise for 10 years the correct application of these measures and in case of non-compliance, Walmex could face a fine equivalent to 8.0% of its revenues (MXN ~63 billion L12M vs MXN 48.5 billion in cash as of [3Q24](#)). The company is also required to update its internal policies and other guidelines to comply with the new resolution. In addition, it must implement an antitrust program and appoint a compliance officer.

Negative implication. As we mentioned in [our previous report](#), we consider the monetary fine to be insignificant. However, we were watching for further details on the behavioral measures that Cofece imposed on Walmex, adding uncertainty for the company. In this regard, we will be evaluating whether the prohibitions will have a significant impact on the company, both in terms of profitability and competitive advantage. In this context, we believe that volatility in the share price could continue in the short term. Going forward, the focus will be on 4Q24 results on February 13, 2025, and its investor day on March 27, as well as the challenges that remain for profitability and growth. We reiterate our Hold recommendation.

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Carlos Hernández García
Senior Strategist, Equity
carlos.hernandez.garcia@banorte.com



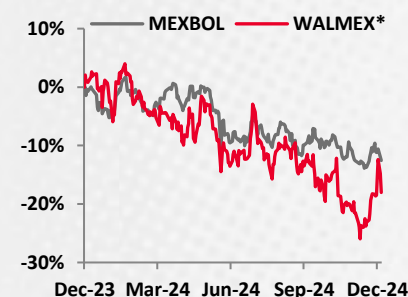
Ana Gabriela Martínez Mosqueda
Strategist, Equity
ana.martinez.mosqueda@banorte.com



Marissa Garza Ostos
Director of Equity Strategy
marissa.garza@banorte.com

Hold	
Current Price	\$57.45
PT	\$72.00
Upside potential	25.3%
Max – Min LTM (\$)	72.2 - 51.1
Market Cap (US\$m)	49,669.0
Shares Outstanding (m)	17,461.4
Float	29.5%
Daily Turnover (\$m)	1,683.9
Valuation metrics LTM	
FV/EBITDA	9.9x
P/E	17.4x
MSCI ESG Rating*	A

Relative performance to Mexbol LTM



Source: Banorte



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Winners of the award as the best economic forecasters in Mexico by LSEG in 2023



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Document for distribution among the general public

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	Reference
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HOLD	When the share expected performance is similar to the MEXBOL estimated performance.
SELL	When the share expected performance is lower than the MEXBOL estimated performance.

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History of PT and Ratings

Stock	Date	Rating	PT
Walmex	02/14/2024	Hold	\$72.00
Walmex	10/25/2023	Buy	\$72.00
Walmex	10/20/2022	Hold	\$85.00
Walmex	07/26/2022	Hold	\$79.23

MSCI ESG Rating scale

CCC	B	BB	BBB	A	AA	AAA
Rezagado		Promedio			Líder	

*The MSCI ESG Rating is an indicator that evaluates companies in Environment, Social and Governance (ESG) metrics.

Directory

Research and Strategy



Raquel Vázquez Godínez
Assistant
raquel.vazquez@banorte.com
(55) 1670 - 2967



María Fernanda Vargas Santoyo
Analyst
maria.vargas.santoyo@banorte.com
(55) 1103 - 4000 x 2586

Economic Research



Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research and
Market Strategy
juan.alderete.macal@banorte.com
(55) 1103 - 4046



Yazmín Selene Pérez Enríquez
Senior Economist, Mexico
yazmin.perez.enriquez@banorte.com
(55) 5268 - 1694

Market Strategy



Santiago Leal Singer
Director of Market Strategy
santiago.leal@banorte.com
(55) 1670 - 1751



Carlos Hernández García
Senior Strategist, Equity
carlos.hernandez.garcia@banorte.com
(55) 1670 - 2250



Marcos Saúl García Hernández
Analyst, Fixed Income, FX and Commodities
marcos.garcia.hernandez@banorte.com
(55) 1670 - 2296



Juan Carlos Mercado Garduño
Strategist, Equity
juan.mercado.garduno@banorte.com
(55) 1103 - 4000 x 1746

Quantitative Analysis



Alejandro Cervantes Llamas
Executive Director of Quantitative Analysis
alejandro.cervantes@banorte.com
(55) 1670 - 2972



Daniel Sebastián Sosa Aguilar
Senior Analyst, Quantitative Analysis
daniel.sosa@banorte.com
(55) 1103 - 4000 x 2124



Alejandro Padilla Santana
Chief Economist and Head of
Research
alejandropadilla@banorte.com
(55) 1103 - 4043



Itzel Martínez Rojas
Analyst
itzel.martinez.rojas@banorte.com
(55) 1670 - 2251



Francisco José Flores Serrano
Director of Economic Research, Mexico
francisco.flores.serrano@banorte.com
(55) 1670 - 2957



Cintia Gisela Nava Roa
Senior Economist, Mexico
cintia.nava.roa@banorte.com
(55) 1105 - 1438



Marissa Garza Ostos
Director of Equity Strategy
marissa.garza@banorte.com
(55) 1670 - 1719



Hugo Armando Gómez Solís
Senior Strategist, Equity
hugo.gomez@banorte.com
(55) 1670 - 2247



Gerardo Daniel Valle Trujillo
Senior Analyst, Corporate Debt
gerardo.valle.trujillo@banorte.com
(55) 1670 - 2248



Ana Gabriela Martínez Mosqueda
Strategist, Equity
ana.martinez.mosqueda@banorte.com
(55) 5261 - 4882



José Luis García Casales
Director of Quantitative Analysis
jose.garcia.casales@banorte.com
(55) 8510 - 4608



Jazmin Daniela Cuautencos Mora
Strategist, Quantitative Analysis
jazmin.cuautencos.mora@banorte.com
(55) 1670 - 2904



Lourdes Calvo Fernández
Analyst (Edition)
lourdes.calvo@banorte.com
(55) 1103 - 4000 x 2611



Katia Celina Goya Ostos
Director of Economic Research,
Global
katia.goya@banorte.com
(55) 1670 - 1821



Luis Leopoldo López Salinas
Economist, Global
luis.lopez.salinas@banorte.com
(55) 1103 - 4000 x 2707



Víctor Hugo Cortes Castro
Senior Strategist, Technical
victorh.cortes@banorte.com
(55) 1670 - 1800



Leslie Thalía Orozco Vélez
Senior Strategist, Fixed Income and FX
leslie.orozco.velez@banorte.com
(55) 5268 - 1698



Ana Laura Zaragoza Félix
Strategist, Corporate Debt
ana.zaragoza.felix@banorte.com
(55) 1103 - 4000



Paula Lozoya Valadez
Analyst, Equity
paula.lozoya.valadez@banorte.com
(55) 1103 - 4000 x 2060



José De Jesús Ramírez Martínez
Senior Analyst, Quantitative Analysis
jose.ramirez.martinez@banorte.com
(55) 1103 - 4000



Andrea Muñoz Sánchez
Strategist, Quantitative Analysis
andrea.muñoz.sanchez@banorte.com
(55) 1105 - 1430