Q4 2017 Earnings Call - Pre-Recorded

Company Participants

- Brett M. Biggs, Chief Financial Officer & Executive Vice President
- C. Douglas McMillon, President, Chief Executive Officer & Director
- Steven P. Schmitt, Vice President-Investor Relations

MANAGEMENT DISCUSSION SECTION

Steven P. Schmitt {BIO 17077384 <GO>}

Good morning and thank you for joining us to review Walmart's Fourth Quarter Fiscal 2017 Results. This is Steve Schmitt, Vice President of Investor Relations at Wal-Mart Stores, Inc. The date of this call is February 21, 2017. On today's call, you will hear from Doug McMillon, President and CEO; and Brett Biggs, CFO.

This call contains statements that Walmart believes are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995,as amended, and that are intended to enjoy the protection of the Safe Harbor for forward-looking information provided by that Act. A cautionary statement regarding forward-looking statements is at the end of this call.

As a reminder, our earnings materials include the press release, transcript, and accompanying slide presentation, which are intended to be used together. All of this information, along with our fiscal 2018 earnings release dates, store counts, square footage, earnings infographic, and other materials are available on the Investors portion of our corporate website, stock.walmart.com.

For fiscal year 2017, we utilized a 52-week comp reporting calendar. Our Q4 reporting period ran from Saturday, October 29, 2016 through Friday, January 27, 2017.

Before we get started, I'd like to remind you of a few upcoming dates. Our first quarter fiscal 2018 earnings release will be on Thursday, May 18, 2017 and our Annual Shareholder Meeting will be held Friday, June 2, on the University of Arkansas campus here in Fayetteville.

Now I'd like to turn it over to Walmart CEO, Doug McMillon.

C. Douglas McMillon {BIO 3063017 <GO>}

Good morning, everyone. As you saw in our earnings materials this morning, we delivered a very solid quarter and it's great to see continued momentum in the business. Total revenue grew 3% in the quarter and increased 3.1% for the year, both in constant currency. Comp sales growth of 1.8% in the Walmart U.S. business this quarter was better than expected, and I'm particularly pleased with the traffic in our stores. U.S. GMV grew 36% in the quarter, so we're headed in the right direction with this important part of our business, too.

Our International business again delivered solid sales growth in constant currency last quarter and Sam's Club delivered its best comp sales growth of the year. I'm excited about what's happening at our company. We're moving with speed to better serve our customers every day and progressing against our four key objectives, which are: make every day easier for busy families; change how we work by becoming a more digital enterprise; deliver results and operate with discipline; and be the most trusted retailer.

Brett's going to take you through the financials, but, before he does, I'd like to highlight some of our accomplishments from this past year that are positioning us to win in the future. Let me start with our Walmart U.S. business.

It all starts with our associates. And I'm pleased that in addition to increased wages, we've deployed more sophisticated tools to assist our associates to meet the needs of customers. New technology and apps are providing real-time information to improve our in-stock levels and better manage inventory, which is down 7% this quarter versus last year on a comp-store basis.

We've also invested in training academies for associates to further develop the skills they need to better serve customers and succeed in today's retail environment. We expect to train more than 225,000 department managers and hourly supervisors by this fall. In fact, I recently visited a store in Morrisville, North Carolina, where they had reduced inventory so significantly that the backroom was empty enough for them to build a training academy there. These initiatives are paying off for our customers through cleaner stores, friendlier service, and faster check-out times.

Greg Foran and the team continue to innovate to improve the customer experience. In the last month, we opened two new Supercenters in Florida and Texas, with features like scan-and-go, touch-screens where customers can access more items on Walmart.com, virtual item displays, and an integrated health and wellness section. We've got quite a few experiments going on in the company these days, and we're learning at a faster rate.

We've also been investing in price and customers are responding. We're confident the continued execution of our strategy will drive sustainable growth in traffic and sales.

Shifting gears to our International segment, I'm pleased to see the business delivering consistently solid sales results. While Walmex led the way this year, our performance was broad based. 10 of our 11 markets posted positive comp sales for the year, and seven of those markets grew comp sales by more than 4%.

At Walmex, we continued to see strong momentum in the business across formats and countries. Comp store sales growth was over 7% this year and 14% on a two-year stack. In China, we announced an alliance with, and investment in, JD.com last summer, improving our e-commerce proposition and extending the reach of Walmart and Sam's Club brands to millions of new customers. We subsequently announced an increased ownership of JD.com to approximately 10%. And we recently furthered this relationship with the launch of an exclusive Walmart Global imports store on JD.com Worldwide, which provides Chinese customers access to thousands of products imported from Walmart stores from around the world.

We also announced an investment in last mile delivery company New Dada, enabling two-hour delivery service from nearly 70 Walmart locations. China is a key growth market for our company and we're proud of how we've positioned the business to win.

In the UK, we faced some challenges this past year and we're addressing these with urgency. We're encouraged comp store sales improved during the fourth quarter. I visited stores in the market a few weeks ago and the team has us pointed in the right direction.

We spent considerable time looking at our international portfolio last year, and we took some decisive action along the way. For example, our decisions to divest non-core businesses, such as an apparel chain in Mexico and shopping malls in Chile, were based not on the merits of their performance, rather their relevance to the portfolio. We must ensure that we focus on businesses that are core to what we do.

Overall, I'm pleased with the consistently solid sales results in International. We have a strong business with good momentum.

Moving to Sam's Club, I'd like to start by thanking Roz Brewer for her leadership. Sam's Club comps improved each quarter during the year last year, and she's positioned the business for further progress. With Roz's departure, we promoted John Furner to CEO of Sam's Club. John's been with the business since 1993, working in Walmart U.S., International, and most recently as Sam's Chief Merchandising Officer. He brings a unique set of experiences and a deep understanding of our company. He's going to be a great leader for Sam's.

We're pleased with our progress in technology at Sam's, including the national launch of scan-and-go. E-commerce continues to grow with direct-to-home and Club pickup. While we have more work to do to deliver the results we expect to achieve, we believe we're on the right track to win with members and accelerate growth.

Finally, I'd like to discuss our progress in e-commerce, particularly in the U.S. We continue to invest in e-commerce to accelerate growth. We're gaining traction and moving faster. We're the second largest U.S. online retailer by revenue, one of the top three online retailers by traffic, and our Walmart app is among the top three apps in retail. We acquired Jet.com in the second half of last year and welcomed Marc Lore, the CEO of our U.S. e-commerce business. Marc is moving quickly.

From a marketplace perspective, we now have over 35 million SKUs, more than quadrupling the number available at the beginning of the year. We recently announced free two-day shipping on millions of items with a minimum order of $35. And as you might expect, we've seen a nice uptick in our e-commerce business since this launch. The acquisitions of ShoeBuy and Moosejaw, in addition to Hayneedle, gave us immediate expertise and capabilities in new, more upscale categories of merchandise. We're also leveraging the strengths of Walmart and Jet to make both platforms better. I'm excited about what's to come.

I'm really pleased by how Greg Foran and his team are working in tandem with Marc Lore and his team to deliver the convenient shopping our customers desire, no matter how they choose to shop. They will continue to partner closely to serve our customers seamlessly across our app, site, and stores. Over the holidays, wait times were down for Pickup and we're adding more items to Pickup Today. Customers love being able to order an item with an app and get it that day.

In conclusion, as I step back and look at the retail landscape, customer expectations continue to change rapidly. They will increasingly expect even more personalization and convenience in their shopping experience. We're moving quickly to respond to the current opportunities, as well as to innovate and transform the shopping experience for our customers in the future.

According to Bain, Black Friday weekend sales marked the first time the number of people shopping online surpassed people shopping in stores, and over half did so through mobile devices. And more than 70% of traffic to Walmart.com during Black Friday and Cyber Monday was driven by mobile. While e-commerce is growing rapidly, customers continue to rely on brick-and-mortar formats. The Supercenter remains the best retail format in the world, and going forward we will continue to leverage these unique assets, even more with initiatives like online grocery, in-store pickup, and others. Rapid advances in technology mean we need to become more of a digital enterprise, and that's what we're doing.

So, in summary, we have a clear strategy we're executing against. We're uniquely positioned to deliver value, unlike any other retailer, through both physical and digital assets. We have momentum across the business, which positions us well for the new fiscal year. And while we must do more, we believe we're on the right track as we work to be the most trusted retailer for our customers, provide ongoing opportunity for our associates, and deliver results for our shareholders.

Now, I'll give you to Brett.

Brett M. Biggs {BIO 17414705 <GO>}

Good morning, everyone. As Doug mentioned, this has been an exciting year of transformation at Walmart. We've made strategic decisions revolving around the customer that will reposition the business for sustainable growth to win long-term. We're moving with speed to provide customers with a better offer through stores, mobile, and e-commerce. And we're confident this will drive value for shareholders. And while going through this transformation, our financial strength serves as a great competitive advantage.

For fiscal year 2017, there were a number of accomplishments. I'll highlight just a few. Constant currency net sales were up nearly 3%, a growth of $13.7 billion. Operating cash flow reached $31.5 billion, an all-time record for Walmart. E-commerce GMV growth accelerated throughout the year. Adjusted EPS of $4.32 exceeded our initial full-year guidance. GAAP EPS was $4.38. It has been a very successful year in a number of ways.

Now, let's discuss the results in more details, starting with the fourth quarter. Total revenue, excluding an unfavorable $2.6 billion currency impact, increased 3% to $133.6 billion. On a constant currency basis, we added $3.7 billion in net sales. It's important to note that currency impacts on net sales during the quarter were about $600 million higher than anticipated versus when we began the quarter, driven primarily by the depreciation of the Mexican peso versus the U.S. dollar.

Walmart U.S. delivered strong top-line performance, with comp sales of 1.8% exceeding guidance. International continued its steady constant currency top-line performance with another solid quarter. And Sam's Club comp sales of 2.4% were better than expected, with continued strength in e-commerce and omni-channel initiatives. Fourth quarter adjusted EPS was $1.30, which was near the upper end of our guidance range.

Walmart's consolidated gross profit margin increased 5 basis points in the quarter, with expansion in both International and Sam's Club. Walmart U.S. gross margin declined in the quarter. I'll get into more detail on this in a moment.

Total operating expenses increased 58 basis points in the quarter, primarily due to ongoing investments in people and technology. In both this year and last year's fourth quarter, we adjusted for discrete items. These included $939 million in charges for store closures across all segments last year, as well as $370 million for discontinued real estate projects and severance in the U.S. this year.

For comparison purposes, excluding these discrete items for both years, operating expenses increased 97 basis points in the quarter. Now that we'll be lapping the U.S. wage increases from fiscal year 2017, we would expect to slightly lever expenses in fiscal year 2018.

I'll provide more details about operating segment performance shortly, but let me first spend a few minutes on e-commerce, where we're changing rapidly and remaining laser-focused on our customers. Globally on a constant currency basis, e-commerce sales and GMV increased 15.5% and 17.5%, respectively. Excluding Yihaodian, GMV increased 29.7%.

Going forward, we plan to discuss e-commerce results a little differently from the past in order to give you a clearer view of our performance, particularly in the important U.S. market. Given the organizational framework changes over the past few months, we will no longer be discussing global e-commerce as we have in the past. Sam's Club e-commerce and the various international e-commerce initiatives will be discussed as appropriate within those segment discussions.

As we discuss Walmart U.S. eCommerce, which is led by Marc Lore and represents the largest portion of our e-commerce effort, note that it includes all web-initiated transactions, including those through Walmart.com, such as ship to home, ship to store, Pickup Today, and online grocery, as well as transactions through Jet.com and the other sites in our family of brands.

We saw strong growth this quarter in the Walmart U.S. eCommerce business, with GMV and sales growth of 36% and 29%, respectively. Our integrated offering means customers are shopping with us through multiple channels. In fact, over the holidays, Pickup Today, which is available in Walmart U.S. stores, grew by 27% over last year.

We are seeing the benefits of our e-commerce investments. During the holiday period, the e-commerce fulfillment network performed very well, supporting record volumes with on-time delivery rates that far exceeded last year. This network is also the backbone of the new free 2-day shipping promise, with a $35 minimum order available at Walmart.com. Customers are responding well to this new offer, and e-commerce sales have strengthened since its launch on January 31.

Looking ahead, you'll continue to see us make investments in e-commerce to drive traffic and improve the customer value proposition. We're excited about the things we're doing, the speed at which we're doing them, and the work we still have to do.

In the fourth quarter, we continued to make excellent progress on working capital, with $11.9 billion in operating cash flow and $8.7 billion in free cash flow. Working capital has been a focus for us all year and I'm really pleased with our discipline, particularly in managing inventory and payables. For the year, we generated $31.5 billion in operating cash flow and $20.9 billion of free cash flow. This was an increase in free cash flow of nearly $5 billion, or more than 30%, versus last year. This is a great testament to Walmart's financial strength. When you consider that we were able to reduce our net debt levels this year, while also making strategic decisions to grow the business both organically and through M&A, including investments in stores, logistics, people and technology, it's a fantastic achievement.

We accomplished this while also returning a substantial amount of cash to shareholders. In fact, over the past year, we returned $14.5 billion to shareholders in the form of dividends and share repurchase. As of the end of the fiscal year, we had used approximately $10.8 billion of the current $20 billion share repurchase authorization. Additionally, today, we announced an increase in our annual dividend from $2 per share to $2.04 per share in fiscal 2018. We've now increased our dividend for 44 consecutive years. We're proud of our track record of returning significant cash to shareholders, while investing in future growth.

Let's now discuss the results for each operating segment in more detail, starting with Walmart U.S. We're pleased with the continued momentum in Walmart U.S., with steady improvement in stores, strong growth from e-commerce, and growing contributions from the rollout of Online Grocery. We've now seen nine consecutive quarters of traffic growth in our stores. Clearly, we're gaining traction and it's exciting to see how customers are responding to our focus on saving them time and money.

For the quarter, strong comp sales growth of 1.8% was driven by a 1.4% increase in customer traffic. All store formats had positive comp sales and e-commerce contributed approximately 40 basis points to the segment. We were particularly pleased with the positive comp in Grocery, despite ongoing market deflation in food, which negatively impacted the Food comp by approximately 90 basis points.

Throughout the six-week holiday season, customers responded well to consistent everyday low prices and a simplified integrated multi-channel experience that enabled last-minute shopping so they could find the perfect item.

Gross margin decreased 8 basis points in the quarter. Savings from procuring merchandise, as well as lower logistics costs, benefited the margin rate, but were more than offset by the continued execution of our price investment strategy and the timing of post-holiday markdowns. We're entering the new year in a very solid inventory position. For the year, Walmart U.S. gross margin increased 24 basis points. As a reminder, both fourth quarter and full-year comparisons included a $56 million impact last year related to store closures.

Operating expenses increased 4.6% this quarter and 8.1% for the year, primarily due to the associate wage rate increases, as well as investments in technology and e-commerce. As I mentioned previously, in both this year and last year, we adjusted for discrete items. This year's fourth quarter included a $249 million charge related to discontinued real estate projects. Last year's fourth quarter included $670 million in charges related to the impact of store closures. Excluding these adjustments, operating expenses would have increased 7.3% in the fourth quarter and 8.8% for the year.

Walmart U.S. operating income declined 2.5% in the fourth quarter and 7% for the year. Excluding the discrete items discussed earlier, Walmart U.S. operating income declined 10.4% in the fourth quarter and 9.2% for the year. The Walmart U.S. team continues to do a great job with inventory, while maintaining high in-stock levels. Inventory declined 3.1%, with comp store inventory down 7.2%, despite strong sales growth.

To wrap up Walmart U.S., we made a lot of progress this year in providing customers value and convenience. While sales have been slower than expected to start the year, which we believe is due in part to the delay in tax refunds versus last year, we expect comp sales for the 13-week period ending April 28, 2017 to increase between 1% and 1.5%.

Now let's move to Walmart International. Walmart International continued its solid sales performance this quarter. While Walmex results were the strongest with comp sales growth of 7%, the solid International performance was fairly broad based. 10 of our 11 markets posted positive comp sales, and six of those markets grew comps by more than 4%.

For the fourth quarter, net sales grew 3% on a constant currency basis, while reported net sales declined 5.1%, impacted by a $2.6 billion currency headwind. For the year, net sales grew 3% on a constant currency basis, while reported net sales declined 5.9%, impacted by an $11 billion currency headwind.

From a profitability standpoint, fourth quarter operating income increased 3.8% on a constant currency basis. I'd like to point out that there were a few items in the quarter that collectively had a negative impact to operating profit of approximately $100 million, primarily because of adjustments to useful lives of certain assets and impairments in certain markets, which were partially offset by the gain from the sale of the remaining shopping malls in Chile, as mentioned last quarter.

Operating income for the year increased 19.7% on a constant currency basis and increased 7.7% on a reported basis. As a reminder, these results include the gain associated with the sale of Yihaodian and the items mentioned above.

Let's now turn to some brief highlights of the key markets. Please note that the accompanying financial presentation includes detailed information on our five major markets. The results discussed below are on a constant currency basis. Let's begin with Walmex.

Strong sales momentum continued across all formats, divisions, and countries, with total sales growing nearly 9% in the quarter. In Mexico specifically, comp sales increased approximately 8% and outpaced all divisions of ANTAD, including self-service, specialty, and department stores.

In Canada, net sales increased 2.7% and comp sales increased 0.2%. According to Nielsen, we continued to gain market share in traffic-driving categories, like food and consumables, and health and wellness.

Turning to the UK, net sales declined 0.6% and comp sales declined 2.9% in the quarter. We have a lot of work to do in this market, but we're encouraged by some of the early signs of traction with improvements in the customer value proposition.

In China, net sales grew 5.4% and comp sales increased 2.3%. Sales were solid across hypermarkets and Sam's Club. We're excited about the future of e-commerce in China. The strategic alliance with JD.com will continue to expand our presence throughout the country and offer customers new and exciting products through our flagship sites of JD's platform. So, overall, we're pleased with the consistent performance from our International portfolio and excited about the new fiscal year.

Now, let's turn to Sam's Club. At Sam's Club, we're pleased with the efforts underway to transform the business. We're making progress in a number of areas, and we know we have to move faster to provide the value that members expect.

During the quarter, top-line performance was driven by an increase in comp sales, excluding fuel, of 2.4%. SamsClub.com GMV was strong, increasing by 25%, and Club Pickup also performed well. Operating income, excluding fuel, declined 5.1% for the quarter. Investments in associate wages pressured expenses, along with charges related to the impairment of clubs. In addition, this year's fourth quarter included a $10 million discrete charge for discontinued real estate projects, while last year's fourth quarter included a $57 million discrete charge related to the impact of club closures. Excluding these discrete items, operating income would have declined 14.6% this quarter.

For the year, net sales, excluding fuel, increased 1.8% to $53.3 billion. Operating income, excluding fuel, declined 7.3%. Looking ahead, for the 13-week period ending April 28, 2017, we expect a comp sales increase of around 1%.

With that, let's discuss guidance for the total company. At our October investor meeting, we guided that fiscal 2018 full-year EPS, based on currency rates at that time, would be relatively flat to adjusted full-year fiscal 2017 EPS, and we still expect that to generally be the case. However, since then, the U.S. dollar has strengthened, in particular versus the Mexican peso, which negatively impacts our Walmex projections on a U.S. dollar basis.

We also expect our tax rate next year to be higher than the rate for fiscal year 2017, which was positively impacted by transactions such as Yihaodian during the year. We expect fiscal 2018's tax rate to be around 32%, assuming no major changes to the tax environment in our major markets. As always, there can be variability from quarter-to-quarter. Certainly, we are aware of and engaged in the discussions around tax reform in the U.S. As more information comes to light, we will continue to provide updates if any of our assumptions were to materially change.

When taking all this into consideration, we expect fiscal 2018 EPS to be in a range of $4.20 to $4.40 compared to fiscal 2017 adjusted EPS of $4.32. This assumes an expected currency impact of about $0.05 per share. As stated in October, we expect operating income to decline slightly in fiscal 2018, driven in part by continued strategic price investments, partially offset by a more disciplined approach to expenses. We would anticipate that EPS in the first quarter will be in the range of $0.90 to $1.00, which includes an expected currency impact of about $0.02 per share.

Net sales, on a constant currency basis, are anticipated to grow between 3% and 4%. We expect the underlying stores business, in most parts of the world, to continue to deliver solid top-line results, along with increased growth in our e-commerce business. We're focused on driving strong efficient growth by opening fewer new stores overall, particularly in the U.S., while prioritizing comp sales and accelerating e-commerce growth, including the third-party marketplace. Based on current exchange rates, we would anticipate a currency impact on net sales of approximately $3 billion for the year. On a reported basis, we expect net sales growth of between 2% and 3%.

There are a number of additional assumptions in this guidance today, including that economic conditions and the tax and regulatory landscape in our largest markets remain generally consistent. Also, as indicated at our October investor meeting, we expect capital expenditures, excluding acquisitions, to be approximately $11 billion for fiscal year 2018.

So in closing, I want to thank all of our great associates around the world for the progress we've made as a company this past year. As a team, we'll win with customers by serving them in new and exciting ways and deliver for our shareholders in this new fiscal year.

Operator

This call includes certain forward-looking statements intended to enjoy the Safe Harbor protections of the Private Securities Litigation Reform Act of 1995, as amended. Such forward-looking statements relate to management's guidance and forecasts as to, and expectations for: Walmart's earnings per share for the three months ending April 30, 2018; Walmart's earnings per share, operating income, net sales, levering of expenses and effective tax rate for the year ending January 31, 2018; the impact of currency on net sales and earnings per share for the year ending January 31, 2018; comparable store sales for the Walmart U.S. segment and the comparable club sales, excluding fuel, of the Sam's Club segment for the 13-week period ending April 28, 2017; actions that will drive value for shareholders, future investments in e-commerce to drive traffic and improve the customer value proposition, the benefits of our investments in e-commerce and the benefits of our alliance with JD.com.

Assumptions on which any guidance or forecasts are based are considered forward-looking statements. Walmart's actual results may differ materially from the guidance provided or the goals, expectations or forecasts discussed in such forward-looking statements as a result of changes in facts, assumptions not being realized or other risks, uncertainties and factors including economic, geopolitical, capital markets and business conditions, trends and events around the world and in the markets in which Walmart operates; currency exchange rate fluctuations, changes in market interest rates and commodity prices; unemployment levels, competitive pressures, inflation or deflation generally and in particular product categories; consumer confidence, disposable income, credit availabilities, spending levels, shopping patterns, debt levels and demand for certain merchandise; consumer enrollment in health and drug insurance programs and such programs' reimbursement rates; the amount of Walmart's net sales denominated in the U.S. dollar and various foreign currencies; the financial performance of Walmart and each of its segments; Walmart's ability to successfully integrate acquired businesses, including Jet.com, Incorporated; Walmart's effective tax rate and the factors affecting Walmart's effective tax rate, including assessments of certain tax contingencies, valuation allowances, changes in law, administrative outcomes, impact of discrete items, and the mix of earnings between the U.S. and Walmart's international operations; customer traffic and average ticket in Walmart stores and clubs and on its e-commerce websites; the mix of merchandise Walmart sells, the cost of goods it sells, and the shrinkage it experiences; the amount of Walmart's total sales and operating expenses in the various markets in which it operates; transportation, energy and utility costs, and selling prices of gasoline and diesel fuel; supply chain disruptions and disruptions in seasonal buying patterns; consumer acceptance of and response to Walmart stores, clubs, e-commerce websites, mobile apps, initiatives, programs, and merchandise offerings; cyber security events affecting Walmart and related costs; developments in, outcomes of, and costs incurred in legal or regulatory proceedings to which Walmart is a party; casualty and accident-related costs and insurance costs; the turnover in Walmart's workforce and labor costs, including healthcare and other benefit costs; changes in accounting estimates or judgments; changes in existing tax, labor, and other laws and regulations, and changes in tax rates, trade agreements, trade restrictions, and tariff rates; the level of public assistance payments, natural disasters, public health emergencies, civil disturbances and terrorist attacks, and Walmart's expenditures for FCPA and other compliance-related costs.

Such risks and uncertainties and factors also include the risks relating to Walmart's strategy, operations and performance in the financial, legal, tax, regulatory, compliance, reputational and other risks discussed in Walmart's most recent annual report on Form 10-K filed with the SEC. You should consider the forward-looking statements in this call in conjunction with that annual report on Form 10-K and Walmart's quarterly reports on Form 10-Q and current reports on Form 8-K filed with the SEC.

Walmart urges you to consider all of the risks, uncertainties and factors identified above or discussed in such reports carefully in evaluating the forward-looking statements in this call. Walmart cannot assure you that the results reflected or implied by any forward-looking statement will be realized, or even if substantially realized that those results will have the forecasted or expected consequences and effects for or on Walmart's operations or financial performance.

The forward-looking statements made in this call are as of the date of this call. Walmart undertakes no obligation to update these forward-looking statements to reflect subsequent events or circumstances.