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**Walmart, Inc.** (WMT)

Q3 2026 Earnings Call

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*President, Chief Executive Officer & Director, Walmart, Inc.*

### **John R. Furner**

*Director, Incoming Chief Executive Officer & President and Chief Executive Officer-Walmart U.S., Walmart, Inc.*

### **John David Rainey**

*Executive Vice President & Chief Financial Officer, Walmart, Inc.*

### **Kathryn J. McLay**

*President & Chief Executive Officer-Walmart International, Walmart, Inc.*

### **Chris Nicholas**

*President & Chief Executive Officer-Sam's Club, Walmart, Inc.*

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### **Simeon Ari Gutman**

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## MANAGEMENT DISCUSSION SECTION

**Operator:** Greetings. Welcome to Walmart's Third Quarter Fiscal Year 2026 Earnings Call. At this time, all participants are in listen-only mode. A question-and-answer session will follow the formal presentation. [Operator Instructions] Please note this conference is being recorded.

I'll now turn the conference over to Steph Wissink, Senior Vice President of Investor Relations. Thank you, Steph. You may begin.

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### **Stephanie Schiller Wissink**

*Senior Vice President & Head-Investor Relations, Walmart, Inc.*

Welcome, everyone. Thank you for your interest in Walmart. Joining me today from our home office in Bentonville are Walmart CEO, Doug McMillon and CFO, John David Rainey. Doug will begin with remarks about our upcoming leadership transition. Then we will hear from John Furner, recently named as CEO of Walmart Inc. beginning February 1st, 2026. Doug and John David will then share their views on the third quarter and our business trends. Thereafter, we'll open the line for your questions.

During the question-and-answer portion, we'll invite segment leaders to join in responding to your questions. John from Walmart US, Kath McLay from Walmart International; and Chris Nicholas from Sam's Club US.

We will make every effort to answer as many questions as we can in the hour we have scheduled for this call. As a courtesy to others, please limit yourself to one question. For additional detail on our results, including highlights by segment, please see our earnings release, and supplemental presentation on our website.

Today's call is being recorded and management may make forward-looking statements. These statements are subject to risks and uncertainties that could cause actual results to differ materially from these statements. These risks, and uncertainties include, but are not limited to the factors identified in our filings with the SEC.

Please review our press release and slide presentation for a cautionary statement regarding forward-looking statements, as well as our entire Safe Harbor statement, and non-GAAP reconciliations on our website at [stock.walmart.com](http://stock.walmart.com).

That concludes my introduction. Doug, it's my privilege to turn the earnings call over to you one last time.

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### **C. Douglas McMillon**

*President, Chief Executive Officer & Director, Walmart, Inc.*

Good morning, and thanks for joining us. The team delivered another strong quarter. Our associates have us well positioned to finish the year with momentum. It's been an honor to serve them as CEO. And I'm as excited about the future of this company as I've ever been. John's ready. He knows our business so well and he has the characteristics to lead us into the future. I couldn't be happier for him and for our company. Congratulations, John.

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### **John R. Furner**

*Director, Incoming Chief Executive Officer & President and Chief Executive Officer-Walmart U.S., Walmart, Inc.*

Thank you, Doug. I'm excited about our future. I'm appreciative, and humbled by this opportunity, and look forward to accepting the responsibility to serve Walmart more broadly as President and CEO. I love this company and I love our associates. I believe in our values, and in our purpose to help people save money, and live better. I believe we're well positioned to fulfill our purpose.

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## C. Douglas McMillon

*President, Chief Executive Officer & Director, Walmart, Inc.*

You'll be great. Back to the quarter. The team delivered strong sales and profit growth across each of our segments. Sales grew 5.9% overall in constant currency, and adjusted operating income grew even faster at 8%.

We drove positive transaction counts in unit volumes, and we're gaining market share in grocery, and general merchandise, including here in the US, where we saw strength across income cohorts, and especially with higher income households. It's great to see the positive general merchandise sales across the company, and I'm excited about what we're seeing with our fashion categories in Walmart US in particular.

eCommerce was a highlight again in Q3, up 27% in total. Each segment delivered growth in eCommerce above 20%. The way we're driving growth on the top line is helping us strengthen, and differentiate our bottom line. Globally, advertising grew 53%, including VIZIO, and membership income was up 17%.

Let's talk about each segment. I'll start with International, which continues to lift the growth rate for the company. International drove the strongest performance with a sales increase of 11.4% in constant currency, and adjusted operating income grew 16.9%. We continue to benefit from business mix changes and lower losses in eCommerce. Transaction counts, and unit volumes are up across markets, and we're gaining market share. eCommerce sales for International were up 26%. That included our Flipkart team in India executing a record Big Billion Days event. Almost a third of our business outside the US is digital, with eCommerce in China at 50% penetration, and the team in China is delivering orders fast. Nearly 80% of digital orders arrive in under an hour.

In October, I got to visit three Chinese cities. In Hefei, a city of about 10 million people, we visited a relatively new Sam's Club that was outstanding. We now have 60 Sam's Clubs in the country and a healthy pipeline of new clubs coming. China is more advanced in terms of digital retail than anywhere we operate, and there's always a lot to learn that helps to inform what we do around the world. I also got a chance to visit our team in Canada last month. I'm excited about the leadership team, and the opportunity we have to grow market share reinforced by EDLP and tapping into our omnichannel advantages.

For Walmart US we drove comp sales of 4.5% and we grew eCommerce by 28%, with marketplace sales growth of 17%. We continued to deliver the value people are looking for with healthy growth in both transactions and units sold. Comps were good across each month of the quarter, and share gains were consistent with what we've seen this year. Delivery speed matters, and we're delivering faster than ever. For Q3 35% of digital orders were delivered in under three hours.

At a category level, sales in general merchandise were positive, with fashion, home, and automotive leading the way. Grocery performed well with good unit growth, and health and wellness was up low double digits.

For Sam's Club here in the US, the team delivered comp sales of 3.8% with strength across categories. The comp was driven by transaction counts and were gaining market share in grocery and general merchandise. Sam's continues to do a great job of engaging our members digitally. We have a profitable eCommerce business that outpaced our expectations again this quarter, up 22% in sales. For Sam's membership, we see good growth in member accounts, renewal rates, and plus member penetration.

As we look at our customers and members here in the US, they're still spending with upper and middle income households driving our growth. We continue to benefit from higher income families choosing to shop with us more often. Middle income households have been steady and while lower income families have been under additional pressure of late, we're encouraged by how our teams are meeting them with greater value across necessities, and doing what we can to help them stretch their dollars further.

For the quarter like-for-like inflation in Walmart US was 1.3% with food and general merchandise up low single digits. We continued working to resist the upward pressure on our cost of goods, and to manage our mix. We have about 7,400 active rollbacks in Walmart US right now, with more than half of those in the grocery category. Often our 90-day rollbacks lead to a permanent price reduction, a new EDLP. Since the beginning of the year, more than 2,000 rollbacks have become the new everyday price. We'll keep strengthening our ability to save people, time, and money, and we'll keep finding ways to keep our prices as low as possible, and being strategic in our pricing actions. Everyone wants value.

Inventory management is always important, and it's especially important in this environment as we reduce markdown risk to help fund stronger price gaps. Our team continues to do a great job. The ability of our Walmart US team in particular to make good quantity decisions, and manage pricing, and mix well has been impressive. Both Walmart and Sam's US delivered strong seasonal sell-throughs for back-to-school, and Halloween. The results we're delivering today are powered by our people and by technology. We continue to get better at putting our data to work, building more capable tech products, and platforms, and by deploying physical automation, the investments to automate our supply chain continue to go well.

The team is delivering according to plan, and it's helping our associates, and our stores receive, and manage inventory better than before. As it relates to AI, we continue building towards an eCommerce experience that is one, more personalized, and relevant. Two, multimodal meaning a voice, text, image and video experience that is more conversational. Interacting with our app will include improved imagery, short form video, live streaming, and interaction with influencers. Ads will still be present, but in a more contextual, and helpful way, surfacing as recommendations or sponsored bundles that add value. There will be attention capture and decision influence through data. And three, the new experience will be contextual, understanding customer intent, and anticipating needs to save them time. As we think about new tech products, and capabilities, sometimes we build our own tech, and sometimes we partner.

Our recent announcement with OpenAI is an example. This new partnership will allow customers and members to purchase items from Walmart, and Sam's Club directly through ChatGPT. This starts relatively simplistically with the checkout process. It will become more immersive, integrated, and seamlessly connected experiences that bring Walmart closer to customers in new ways. We're adopting artificial intelligence in its various forms across the company. Take software development, for example. When AI is used for software development, more than 40% of the new code is either AI generated or AI assisted. We're helping our associates build the skills they'll need to thrive in an AI-powered workplace, through things like embracing OpenAI certifications, and rolling out ChatGPT enterprise licenses.

I'll wrap up by saying thank you and conveying my excitement about our future. Our strategy is clear, and we're focused on innovating and consistently executing to deliver greater sales, margins, and returns.

Our associates continue to impress. They care, they learn, they step up, and change. They're moving forward. They bring our purpose and our values to life. This company and our team's ability to change should not be

underestimated. That ability enables us to adapt and thrive. Our timeless purpose and values, combined with the ability to innovate, ensure our strong future.

John David, over to you.

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### **John David Rainey**

*Executive Vice President & Chief Financial Officer, Walmart, Inc.*

Thanks, Doug. We're pleased with how the team executed this quarter and with the strength of our business across markets, continued share gains, and disciplined cost control. Our results were better than expected on the top and bottom line, and reflect the advantages of our omnichannel model, and the diversified nature of our profit streams.

As we indicated earlier this year, we're playing offense, accelerating our growth, reinforcing our customer and member value proposition, evolving our model, and diversifying our profits. Importantly, we're delivering on our financial framework of growing profit faster than sales. Our strategy of offering everyday low prices, while leveraging our physical and digital assets to provide greater convenience is clearly resonating.

Now, I'll get into some of the details of our third quarter performance. Consolidated revenue and constant currency increased 6% or more than \$10 billion led by continued eCommerce momentum with 27% growth. In all of our markets, we're getting faster with delivery speeds reaching more households across a broader assortment, and improving execution. For example, in Walmart US, approximately 35% of store-fulfilled orders were expedited or delivered in under three hours, and sales through these expedited channels increased nearly 70% this quarter. The notable thing about our eCommerce growth is the consistency of it across our markets.

In Walmart US, comp sales grew 4.5%, with traffic growth both in-stores and online. eCommerce sales grew 28%, led by strength in pickup and delivery, and advertising. This was the seventh consecutive quarter of eCommerce growth above 20%.

We're encouraged by the share gains across grocery, health and wellness, and general merchandise categories. Fashion, in particular, has been a bright spot with improving comp trends throughout this year. The US team continues to do an excellent job balancing price and mix to reinforce our value proposition. We're leaning into price rollbacks, and making both everyday essentials, and seasonal celebrations more affordable for customers and members.

Walmart's Thanksgiving Meal Basket is a great example. It will feed a group of 10 people for less than \$40. The International segment delivered over 11% sales growth in constant currency, led by strength in Flipkart, China, and Walmex. Flipkart had strong results, aided by the earlier timing of the Big Billion Days or BBD sales event. The BBD event saw strong customer engagement with sales growth led by mobile devices, electronics, and fashion. At our peak, we delivered 87 orders per second, with the fastest delivery in about three minutes.

Sales in China increased 22% in Q3, reflecting ongoing strength at Sam's Club, and more than 30% growth in eCommerce. Sam's Club US comp sales ex-fuel increased 3.8%. Recall that we're lapping a multiday period of strong comps in Q3 last year related to a port strike that equated to an approximate 120-basis-point benefit to comp sales in last year's period. Members continue to engage more digitally, both inside the club using Scan & Go, as well as through the convenience of curbside pickup and delivery options.

Member adoption of Scan & Go reached 36% in Q3, an increase of 450 basis points versus last year. And club-fulfilled delivery grew triple digits again this quarter. The Sam's team continues to enhance member benefits

related to eCommerce. Curbside pickup is now free for all members with no minimum purchase requirements, and we've accelerated the speed of delivery by leveraging Walmart's Spark Driver platform to pick and fulfill delivery orders. These actions have contributed to stronger eCommerce sales and improved average delivery times.

Consolidated gross profit was relatively flat year-over-year. Walmart US increased 19 basis points as a result of disciplined inventory management and favorable business mix. This was offset by pressure in the International segment from channel and format mix, due in part to Flipkart's BBD event, as well as ongoing price investments in Mexico. Merchandise category mix in Walmart US remains a headwind, as sales growth in grocery, and health and wellness outpaced general merchandise.

Across the enterprise, our business model continues to evolve, with operating income increasingly influenced by improved eCommerce economics, particularly in Walmart US and Flipkart, with growing contributions from business mix, most notably in higher-margin areas like advertising and membership fees. This quarter, the combination of advertising and membership fee income represented approximately one-third of our consolidated adjusted operating income. With continued strong momentum in eCommerce, our advertising business globally increased 53%, including VIZIO. Walmart Connect in the US, ex-VIZIO, grew 33% as we continue to grow advertiser counts, including through our third-party marketplace. We also saw 34% growth in international advertising led by Flipkart. Membership income increased 17% across the enterprise, led by 34% growth in International, primarily due to Sam's Club China.

In the US, Walmart+ membership income continued to grow at double-digit pace. Across all income cohorts, we saw membership income growth accelerate with overall Q3 net adds, our strongest on record, supported by new benefits like our OnePay cash rewards credit card and expanded streaming services. Sam's Club US membership income grew 7%. We're encouraged by the strength of new member acquisition at Sam's globally, particularly among younger demographics. Adjusted SG&A expenses leveraged slightly in Q3. Expenses are being well managed across the business. Technology and AI have been enablers of efficiency gains. We're using AI across the organization to manage cost effectively and to accelerate our growth.

As we continue to invest in supply chain automation, we're also seeing improved efficiency and fulfillment economics. In Walmart US, more than 60% of our stores are now receiving some freight from automated distribution centers, and more than 50% of our eCommerce fulfillment center volume is now automated, which is driving better unit productivity and helping to lower the cost to serve. Enterprise adjusted operating income increased 8% in constant currency, growing faster than sales across each of our operating segments. International delivered strong operating income growth of nearly 17%, reflecting contributions from business mix, improved eCommerce economics, and growth of membership income, while we saw mid-single digit growth from both of our US segments.

Adjusted EPS was slightly better than we expected, up nearly 7% to \$0.62. Our third quarter GAAP results include a charge of approximately \$700 million related to our PhonePe subsidiary in India. This was a discrete non-cash charge related to share based compensation expense and contemplation of a potential IPO. Our teams continue to do a great job managing inventory in this dynamic environment. Inventory levels increased approximately 3% for the total company, with Walmart US inventory up 2.6% despite higher costs from tariffs. With our growing 3P marketplace, we have the ability to better balance owned and third-party inventory, improving our working capital efficiency while still offering the customer a broader assortment.

Return on investment is measured over the last 12 months declined slightly, primarily due to the PhonePe charge discussed earlier. Underlying ROI performance continues to improve, supported by capital discipline and

operating cash flow strength. The business continues to generate strong cash flow, with year-to-date operating cash flow of \$27 billion, up \$4.5 billion compared to last year. This provides flexibility to reinvest in the business, while at the same time returning significant capital to shareholders. Year-to-date, we've returned nearly \$13 billion through dividends and share repurchases. Overall, Q3 results demonstrate the underlying strength and resiliency of our business model. Our diverse portfolio of businesses, our scale, and our commitment to innovation give us confidence in our ability to deliver sustainable growth.

Now, turning to guidance. Recall at our Investor Day in April, on the heels of the tariff announcements, we said that we're going to play offense. We said that we would look to gain share, and we said that despite some of the obvious headwinds, we're not giving up on our goal of growing profits faster than sales. Given the year-to-date performance and our outlook for Q4, we're raising our guidance for sales and operating income for the year. Full year sales in constant currency is expected to grow between 4.8% and 5.1%, up from 3.75% to 4.75% prior. This reflects our confidence in our team's ability to continue driving share gains in Q4. Fourth quarter constant currency sales guidance is for growth of 3.75% to 4.75%.

Notably, if currency exchange rates stay where they are today for the entire fourth quarter, we would expect a \$1.1 billion benefit to reported sales growth. For operating income, we expect full year growth in a range of 4.8% to 5.5% on a constant currency basis, with Q4 growth in a range of 8% to 11%. Currency is expected to be an approximate 100-basis point benefit to fourth quarter reported operating income growth. Importantly, despite 150 basis points of headwinds from the VIZIO acquisition and lapping leap year, as well as higher than expected claims expense, we still expect to grow operating income faster than sales for the year, which aligns with our longer-term financial framework.

For Q4, our operating income guide reflects the timing shift of Flipkart's BBD event, as well as the lapping of wage investments in Sam's Club US. Business mix will continue to be a margin benefit, and we expect merchandise category mix to continue to be a headwind. For adjusted EPS, we expect the full year to be in a range of \$2.58 to \$2.63, with Q4 in a range of \$0.67 to \$0.72. The consumer environment remains dynamic, and we continue to monitor customer member behavior alongside tracking the macro environment. We're entering Q4 with strong momentum, healthy inventory, and a clear focus on our value proposition, price, convenience, and a broad assortment.

I'd like to extend my gratitude to our associates who are serving our customers and members every day during a busy holiday season. I'd also like to share that we're excited to announce that our stock listing will be moving to Nasdaq, aligning with the people-led, tech-powered approach of our long-term strategy. Walmart is setting a new standard for omnichannel retail by integrating automation and AI to build smarter, faster and more connected experiences for customers while enabling our associates to deliver even greater value at scale. We are appreciative of our long partnership with such a storied institution as the New York Stock Exchange, but we're excited about partnering with Nasdaq on this next chapter of our growth story.

Lastly, I'd like to say a couple of comments about our leadership change. I think I speak for many people at Walmart when I say that it has been the honor of my career to work alongside Doug. His mark will forever be on Walmart. This company would not be what it is today without his leadership. Doug, we will miss you. At the same time, I can't think of a better leader to hand over the reins to than John. John was the first person on the Walmart management team that I had the opportunity to meet several years before coming here, and he is a big reason why I am at Walmart today.

Every company should be so fortunate to have such a capable and qualified leader to transition to. John, you have 2.1 million associates standing behind you as you lead us in this next chapter.

We're now ready to take your questions.

## QUESTION AND ANSWER SECTION

**Operator:** Thank you. We will now be conducting a question-and-answer session. We ask you to please limit yourself to one question. [Operator Instructions] Thank you. And our first question comes from the line of Simeon Gutman with Morgan Stanley. Please proceed with your question.

**Simeon Ari Gutman**

*Analyst, Morgan Stanley & Co. LLC*

**Q**

Hi. Good morning. Congratulations, Doug and John. So, I have one question and there might be a part A to it. The question is, do you think agentic will supercharge Walmart's eComm growth. And in that answer, talk about the advantages that can uniquely help Walmart in the part A. I know, John, you just mentioned that you feel strong heading into the good start or I think strong heading into the fourth quarter. Do you have enough read from Q3 and Q4 to-date to predict how the consumer may perform over the holiday? Thank you.

**C. Douglas McMillon**

*President, Chief Executive Officer & Director, Walmart, Inc.*

**A**

Thanks for the question, Simeon. I'll kick off this agentic discussion, but invite my colleagues to chime in with me. I'm really excited about what's possible. We're always trying to find ways to serve customers better. And I think the advantages that we have include our breadth of assortment, being so close to people, which will help us with delivery speed and of course, everyday low prices. But I wouldn't underestimate the physical aspects that kind of underpin the advantages that we have. But at the same time, we've gotten so much better with technology that we have the ability to execute a vision that will be multimodal, more personalized, understand context, and it'll help people save time and have more fun shopping.

And I think when we put all those things together, it'll be a very important growth aspect or channel for us. It won't be the only one. We say omnichannel these days, and I think people frequently think of just stores and eComm, the social commerce and all kinds of forms of shopping are happening today. And I think we're well set up to be able to participate in all those channels going forward.

**John R. Furner**

*Director, Incoming Chief Executive Officer & President and Chief Executive Officer-Walmart U.S., Walmart, Inc.*

**A**

Yeah. Simeon, this is John. And Doug, that's really well said. And we're really excited about some of the capabilities that our customers are engaging in with what we call Sparky today, our digital agent that's live in the app. We continue to hit new milestones. I'm also really excited about some of the new capabilities coming over the next few months, as Sparky can take more action on behalf of our customers. And when you put that on top of this platform that Doug described with physical assets, with forward-deployed inventory all around the country, increasing the speed of delivery, we're using agentic AI to help people think about the things that they may want to reorder. In other words, give them nudges about staying in stock.

There are so many ways that we can serve customers, which is very different than where we were 5 to 10 years ago. We can serve people in minutes. We can keep you in stock at home. We have a really broad assortment and having a digital agent that is there working for you, we think is going to be really powerful. And then there are a couple of things behind the scenes that agentic AI and other types of technology are helping with things like

maintaining the accuracy of our catalog, helping us know where there are gaps in our assortment so that we can serve people however they want to be served or whatever is going on in their lives.

I'm really excited about how this is all coming together. I think it's going to be a really strong enabler, and I think it'll take a lot of time and friction out of customers' lives as they shop with us.

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**Kathryn J. McLay**

*President & Chief Executive Officer-Walmart International, Walmart, Inc.*

A

I would just add to that too. We have all of the data from our customers who shop with us in-store every day, and all of that transactional data is really helpful for us to be able to predict baskets for our customers. One of the things that's useful about having an International segment is that we have markets where we can trial new capabilities, and we've been trialing something called Carrito Listo down in Chile, where we actually create customer's orders for them, send them a WhatsApp prompt to ask them if they're interested in buying that basket.

They go on to the app and they can see we've created a basket for them that actually has all the brands that they normally buy in the kind of intervals that they like to buy it, and they have full agency over whether they want to accept that basket or whether they want to add to the basket, whether they want to take from the basket. And what we're seeing is that it's really attractive, and it's become up to about 20% of our eComm business in Chile already. And so, we're excited about that capability. We're bringing it to other markets. But I think we know our customers, we know what they want, and we can anticipate that and make their lives easier.

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**Chris Nicholas**

*President & Chief Executive Officer-Sam's Club, Walmart, Inc.*

A

Yeah. And for Sam's Club, I think there is probably just two quick points to make. The first is it looks like a really smart decision that we leverage the Walmart enterprise capabilities so that Sam's Club gets access to everything you just heard about. And the way you should think about Sam's Club is that the member data that we have is richer than any other form of data we have across the enterprise, because we have complete understanding of what the member wants, and that allows us to personalize it at an even deeper level.

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**John David Rainey**

*Executive Vice President & Chief Financial Officer, Walmart, Inc.*

A

Simeon, this is John David. On the second part of your question regarding the read on the consumer in Q4, we'd say that overall, the environment feels pretty consistent. There is certainly some pockets of moderation that we're keeping an eye on. But if you look at our guidance for 4Q, it would indicate that we have an expectation that it's going to look pretty similar to the other quarters this year. Holiday is off to a pretty good start. Back-to-school tends to be an early indicator for how that goes. Halloween likewise for Thanksgiving, and everything that we've seen so far makes us optimistic and encouraged about customers and members leaning into the seasonal events and holiday shopping period.

There is one thing to note as it pertains to our business, the maximum fair pricing legislation is, was enacted and goes into effect in January will affect our health and wellness business, specifically our pharmacy business. That will influence the comp in January a little bit. But all-in, if you look at our revenue guidance, it's very much in line with the first part of the year.

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**Operator:** Thank you. Our next question is from the line of Greg Melich with Evercore ISI. Please proceed with your questions.

**Gregory Scott Melich***Analyst, Evercore ISI*

Hi, thanks. First, Doug, just want to thank you for all your leadership, not just to Walmart the last decade, but I would say society. It's been a wild time and you've been great to have there. So, thank you. And John, congrats, you'll get sick of us soon enough. So, I'll launch into my question that way. If we, I go on to unpack Walmart+ membership, it's – that nice growth. It seems like an acceleration, I guess, what are the constraints to getting that to grow even faster? Is it logistical? Is it – what do we have to do to see that really take off?

**John R. Furner***Director, Incoming Chief Executive Officer & President and Chief Executive Officer-Walmart U.S., Walmart, Inc.*

Hey, Greg. It's John. Thanks for the question. We're excited about the momentum in Walmart+. And you heard in the comments earlier, John David noted that this was the best quarter we've had in terms of net additions since we launched the program. There are really a couple of things that are driving that, and I want to congratulate the team for the first, is delivering delivery speed. You heard this morning also that about 35% of our deliveries that are coming from our stores are sub three hours, and our fastest-growth channel is sub an hour, and that's holding up, and it's growing at a fast pace. So, providing this flexibility to our members is really important.

The second thing is our NPS levels on total delivery and shipping are the highest we've seen. That's highly correlated to speed and accuracy. These investments we've made over the last few years that we're excited about in terms of supply chain and inventory accuracy. The digital agents that are helping us understand how our assortments can improve. All of that is working to help people be able to find the things that they're looking for, the things that they need, and they can have those delivered whenever they want whether that's keeping in stock or it's really quick.

The second we're really proud of the launch of the OnePay credit card. That's featured prominently on our home page even this morning, where members can earn 5% back on all their purchases. We've had really good uptake with the program. So I think it's an exciting time when there are customers who are, of course, always looking for a value or proud of our price position with 7,400 rollbacks. So that's another way to reinforce that there are great values at Walmart.

And then the third is we did add a streaming option for customers to be able to choose. We think that's important as well. But I'd really pull it back to the work and the progress that we've made with delivery, with speed, accuracy, and then the launch of the credit card.

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**Operator:** Our next question comes from the line of Kate McShane with Goldman Sachs. Please proceed with your question.

**Kate McShane***Analyst, Goldman Sachs & Co. LLC*

Hi. Good morning. Thanks for taking our questions. Doug, just wanted to thank you for some really great years here. It's been a lot of fun covering Walmart under your leadership. And John, just wanted to wish you a really big congratulations as well.

With regards to our question, you mentioned the level of inflation across the store was about 1.3%. Can you talk about how you've managed higher costs through price increases and what elasticity impacts you've seen? And how should we think about where prices should go in Q4 and early 2026?

A

**John R. Furner**

*Director, Incoming Chief Executive Officer & President and Chief Executive Officer-Walmart U.S., Walmart, Inc.*

Kate, it's John. Good morning. First, we are seeing inflation in the low 1% range. That's pretty consistent across the business, including food, and slightly higher in general merchandise. I would first point to, I think, the team has done a really nice job managing inventory, and that's been a consistent trend for a few years. Inventory closed the quarter, up 2.6%, so roughly half the rate of what we're growing sales. And we feel good about where the inventory is positioned. Categories like fashion where we've seen higher growth rates in the quarter. We're really proud of our fashion business. Our inventory is in good shape. So what that does is it allows flexibility and takes pressure off any indices and markdowns. We've been disciplined over the last few quarters of ensuring that at the end of each season, whether it's back-to-school or back-to-college, Halloween, that we end clean, and we move on to the next season.

The third thing, I think the last thing I would say is, is the team has also done a nice job of managing mix throughout the last couple of quarters. We've been thoughtful about how we adjust our buys in terms of what we think people will buy in seasons. So with things that are for kids, obviously, have run strong. People tend to prioritize their families in times where there could be cost pressures. So all those put together have put us in a good shape to where we can keep our inventory in line. We can maintain margins with low markdowns on the back side.

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**Operator:** The next question is from the line of Seth Sigman with Barclays. Please proceed with your questions.

Q

**Seth Sigman**

*Analyst, Barclays Capital, Inc.*

Hey. Good morning, everyone. Doug, John, congrats to both of you guys. So, I wanted to talk about operating leverage and how you're thinking about the fourth quarter. It does imply an improvement in the operating leverage here. Can you just bridge that? How much of that is the shift in Big Billion Days versus other drivers?

And then related, you guys have done a really good job of managing tariffs. How are tariffs starting to show up in the model? And should we assume that the tariff impact continues to increase but you are able to offset that? Maybe walk us through how you're doing that? Thank you so much.

A

**John David Rainey**

*Executive Vice President & Chief Financial Officer, Walmart, Inc.*

Sure. This is John David. I'll take the first part of that question. And maybe a couple of us will address the second part of it. We're really pleased to be able to demonstrate that we had leverage in the business this quarter. I believe that's the first time in two years, given some of the mix changes that have been happening with our shift from in-store to eCommerce. There's a number of areas where the team is really performing well, and I talked about the use of AI and technology.

But an example I would give you, I'd point to our supply chain. Roughly 50%, in fact, more than 50% of our volume from fulfillment centers is coming from automation, and that translates into lower shipping costs. Our shipping costs have been down consistently for many quarters in the 30% range. This was another quarter where we saw double-digit improvements. And that really helps our eCommerce economics, but also helps the overall SG&A of the company. I think there's sometimes a bit of a sense of there needs to be a trade-off between value and convenience, and I think that's a false choice at Walmart.

We've demonstrated for years that we can provide value through everyday low prices in the items that we sell. We're doing the same thing now with convenience. By continuing to lower our cost of delivery, that helps customers have the ability to have the value that they want with the convenience that they expect. And what we're seeing is that customers are willing to give their business to those companies that, one, provide value, two, give the convenience they expect, and three, are executing consistently well. And so, we feel good about going into the fourth quarter. Costs are always going to be an issue that we're trying to be more efficient and bring them down, but I think we're in a better place right now than we have been at some point.

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**John R. Furner**

*Director, Incoming Chief Executive Officer & President and Chief Executive Officer-Walmart U.S., Walmart, Inc.*

A

Yeah, John David, I think those are really important points. The points you made on value, convenience and execution. Hopefully, it's just building trust, a trust that customers can depend on us for whatever it is they're looking for in their lives.

In terms of the impact of tariffs, certainly, I think we have seen less impact than what we thought we would have expected early in the year. There has been some relief on some key food categories, which certainly is helping. You also heard earlier the 7,400 rollbacks, about half of those are in food. Really, the only price pressure that we're seeing in food generally right now is in the beef category, which is largely a reflection of the commodity and the cyclical nature of the herd size of the US, so commodities do what they tend to do. But the team has done a nice job all across the business at creating great value on particular items like the price of turkeys for Thanksgiving.

And we have the ability to sell customers up to 10 people, \$4 a person for their meal. We have a VIZIO television that's 50-inch for \$128, so really proud of the value that exists all throughout the assortment. And I think we can become and continue to be a great place for customers to find what they need for the holiday season.

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**C. Douglas McMillon**

*President, Chief Executive Officer & Director, Walmart, Inc.*

A

I'm really impressed with how the team is managed through tariffs this year. If you look at it holistically, the job they've done to manage inventory, to manage price gaps, to improve our mix with categories like fashion being so strong. That, combined with the business mix shifts in the company have enabled us to get through this year and become even stronger as we've done it. And then I just also add our appreciation on the relief we're seeing on things not grown in the United States. That's really appreciated. I think our customers will appreciate that too.

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**Kathryn J. McLay**

*President & Chief Executive Officer-Walmart International, Walmart, Inc.*

A

Can I take a little tangent on that too? Because you did mention BBD, and I think it's worth noting that BBD is housed within our Q3 result this year, and our operating income was up 16.9%. So it's quite a change in kind of what we've seen at the impact of BBD in a quarter. We – I also saw a lot lower losses from eCommerce in International, and probably the best BBD that we've experienced in the history of the company. I was reflecting the other day that we did over \$1 billion of sales in the first day, and I think we did something like 700 orders per second during the first hour of the event, so it was an extraordinary event. And yet despite that, we had lower eCommerce losses, and we had an op inc for growth for International adjusted at 16.9%.

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**C. Douglas McMillon**

*President, Chief Executive Officer & Director, Walmart, Inc.*

A

It took Walmart a lot longer to get to \$1 billion in a day than it did Flipkart.

A

**Chris Nicholas**

*President & Chief Executive Officer-Sam's Club, Walmart, Inc.*

This is also relevant to Sam's Club too. I do need to take this opportunity to thank our associates though for a really strong quarter. And maybe just touch on something John David talks about, which is the headline comp for Sam's Club may look a little off, but we're lapping a lot from last year. We talked about it, two storms, and the port strike that impacted us disproportionately. So what I'd ask you to do is look through that. Our two-year stack is consistent with Q1 and Q2 around 11%, so it's consistent good momentum.

I think just to push in, Seth into your question. We're working really hard to every single day to take cost out through using AI, using leverage, taking the benefits we're getting from ads, and we are going on the offense on things like price, and on experience. We've seen really incredible growth in eCommerce too, and the innovations that the team are landing every single day, so, leveraging the Walmart app has increased conversion materially. We've changed the value proposition again because we are restless on behalf of the member. We reduced basket minimums for our club members for curbside pickup, and we saw a 20% plus pickup, which is just great. And the fourth quarter now of – from a delivery point of view, it's a fourth quarter in a row that we've seen triple digit growth.

And I think some of that is how easy it is and how sharp we are in price, but some of it is just great items too, and I would just touch on. We've got some great GM items coming through Pokemon, LEGO Game Boy, Disney Princess Parade, and the Mahjong set, which I don't know if you all know, but Mahjong is the new Pickleball, so please go out and invest in that item too.

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**John David Rainey**

*Executive Vice President & Chief Financial Officer, Walmart, Inc.*

A

Yeah. Just one thing to add to what Chris said, because I think it's important to note. I think it's fair to say, and the team could disagree with me here if they feel differently. But I think we're better leveraging the assets of the various segments than at any time in history. Whether you look from a technology perspective, a supply chain perspective, even a people perspective, there's synergies with what we're doing and leveraging some of these platforms and technologies, and that's really starting to translate into improved financial results.

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**Operator:** Our next question is from the line of Kelly Bania with BMO Capital Markets. Please proceed with your question.

Q

**Kelly Bania**

*Analyst, BMO Capital Markets Corp.*

Thank you. And Doug, and John, I just want to echo the comments from my colleagues, and add my congratulations to both of you. I think we've all learned a lot from your leadership, Doug.

My question and more observation, I guess, is just how incredibly consistent so many of the key metrics are really across the board. And I think it's just particularly notable at a time when there are more complaints about the US consumer signs of pockets of weakness. And so I was wondering if you could just maybe talk a little bit about how much month-to-month volatility you're seeing, if there's any signs of trade down or changes of behavior underneath the hood? And if you can add to that, how much flexibility are in your plans to be more aggressive with pricing or other elements of your model if there is, by chance, any delayed consumer reaction to either the tariffs or the cost of living dynamics, not only in the fourth quarter, but into next year?

A

**John David Rainey**

*Executive Vice President & Chief Financial Officer, Walmart, Inc.*

Kelly, this is John David. I'll hit on that and maybe start with the last point. I think the team here feels really good about where our relative price gaps are right now, and the value that we're providing to our customers, and members. We have over 7,000 rollbacks in place in Walmart US. John talked about the value of a basket of items for Thanksgiving dinner, and how that compares to prior years. It's – I think we're feeling really good about this, and we're seeing that customers are moving their business to companies that provide that value with that convenience.

In terms of the month-to-month volatility in the business, the quarter was actually quite consistent when we look across the entire business. There wasn't necessarily one month that was an outlier. There are pockets of moderation when we look by income cohort, and I don't want to sound alarmist in anyway here, because again overall, the business is very consistent, and that's our outlook into the fourth quarter. But when we look by low income cohort versus middle versus higher income, we have seen some moderation in spending in the low income cohort. And that's consistent with things you've seen from a macro perspective in October, wage growth. The disparity in wage growth between those cohorts was as large as it's been in almost a decade. And so, we're seeing the same things that others are, and we're keeping a watchful eye on it. But, again, I think Walmart is better insulated than just about anybody given the value proposition that we have.

If pocketbooks are being stretched and consumers are being choiceful, and value seeking, it stands to reason if there's more pressure on the consumer, they're only going to become more so. And so, we like the value proposition that we're offering for our customers, and you see that's why we're gaining share.

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**John R. Furner**

*Director, Incoming Chief Executive Officer & President and Chief Executive Officer-Walmart U.S., Walmart, Inc.*

A

And John David, something you said earlier is important that more than one thing can be true at a time. The flexibility that we are offering, the breadth of assortment helps us have an appeal to a lot of customers all around the country. And while everything you said is true. It's also true is that we saw accelerated gains with higher income customers throughout the quarter. And I think you can see that in the categories with categories like apparel that grew over 5% every month of the quarter, and continues to be one of our best categories. Other categories like home hardlines are in that mix. So we're seeing a lot of growth in general merchandise that has a wide appeal to a lot of income levels.

It is interesting that all income levels are participating in delivery and faster delivery choices. And I think it's just great to see that whatever it is the customer is looking for, we built capabilities over the last few years that can help them experience our great assortment and great value however they choose to.

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**John David Rainey**

*Executive Vice President & Chief Financial Officer, Walmart, Inc.*

A

One of the things with our marketplace business, it's really allowing us to provide a much broader assortment than we have historically. And if you look on a category by category basis, there are places in our marketplace business like automotive, toys, electronics, apparel that are all growing north of 40% year-on-year. And so, it really shows that customers are coming to us with this broader assortment, and it's allowing us to cater to a broader set of customers than we have historically.

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**Chris Nicholas**

*President & Chief Executive Officer-Sam's Club, Walmart, Inc.*

A

I think it's really worth pointing out that this is the moment for a business like ours. So, Sam's Club, when we are trusted for great value and when we give people that and of great value, but with incredible assortment and incredible experiences, people really value that. And when they do want to have, when they do have to make choices where the place they're coming to. Really great items that where you drop the price, you do see a response. So, I'll give you an example. We reduced our incredible, very big lot box of croissant that are fresh baked in club by \$1 from \$5.98 to \$4.98, and the volume doubled. It's incredible. We had to remove the shelf that we put them on, because the volume that we were selling was so huge. I think people really respond to great items at great prices.

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**Operator:** The next question is from the line of Michael Lasser with UBS. Please proceed with your questions.

**Michael Lasser**

*Analyst, UBS Securities LLC*

**Q**

Good morning. Thank you so much for taking my question and best wishes to everyone. How do you respond to those who say the timing of this leadership succession is a signal of an inflection point where Walmart will usher in another phase of investments that will pressure the company's profitability, either because of the need to support the top line growth or be prepared for the next phase of retail, such as agentic commerce. And if this is anywhere near the case, could delay the potential acceleration in operating income growth over the next few years, as alternative revenues gain scale and make up a growing portion of the company's overall profitability? Thank you very much.

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**John R. Furner**

*Director, Incoming Chief Executive Officer & President and Chief Executive Officer-Walmart U.S., Walmart, Inc.*

**A**

Hey Michael, good morning, it's John. I want to say a couple of things. First, I'm really excited to be a 32-year Walmart associate. I'm proud of that. I'm proud of the work that our associates have done for so many years around the country. We have a strong purpose and I love our core values. As far as the strategy, I've been here at this table with this team for a long time. I'm in my seventh year in the role of Walmart US CEO. I've been a part of developing our strategy on capital for automation. The transformation from having a store business and an eCommerce business to becoming omni. We have a lot of momentum, and I think that strategy is solid. We're looking forward to making improvements to the strategy as we go.

And I would, just specifically on capital, we take a really disciplined approach to capital. Over the last few years, we've been really transparent about the things that we're developing. A lot of those investments are going to remodels in stores. We're in about a seven-year cycle. I think that's about right, and we want to maintain that. And then second, the capital investments we've made in our supply chain were even more optimistic about the returns that those can create, which leads to the final point when it comes to capital investments, and operational investments in the business, we'll take a disciplined, measured approach to those investments and will ensure that they provide the right returns for our shareholders.

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**John David Rainey**

*Executive Vice President & Chief Financial Officer, Walmart, Inc.*

**A**

Can I – I'd like to add one thing, just my perspective as a CFO. I've been in finance for three decades, and in a role like this for about half of that. I've never worked on a management team that has more alignment around the financial metrics on how to run the business, focusing on the top line, making sure that those sales are profitable, and also focusing on ROI. And so, we're going to continue to do that. We recognize that we've spent more capital than we have historically, but there is universal alignment on this – with this management team that we need to make sure that those investments pay off for investors.

And so, the goal that we have, or the metrics that we hold ourselves to, is we need to make sure that ROI is going up every year. And you've seen that performance been demonstrated here after some of the important investments that we made a decade ago, those are starting to pay dividends. And so, I hope I can allay any concerns that there is going to be some dramatic shift in our posture on this.

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**Operator:** The next question is from the line of Christopher Horvers with JPMorgan. Please proceed with your question.

**Christopher Horvers**

*Analyst, JPMorgan Securities LLC*



Thanks, and good morning, and congratulations to Doug and best wishes in the next part of your journey, and John, as well as you take over the reins. A bit of a multi-part US grocery question. The low single-digit performance in Walmart US in the quarter, to what extent did the port strike and SNAP impact the trend? Would you expect this to revert back to mid-single digit range, or does disinflation on eggs and perhaps tariff changes inhibit that?

And on the related question, it's clear that you've been investing in price grocery inflation of around one versus what's being reported externally. You're driving price gaps. Is that because you felt they were narrowing or you were intentionally widening the gaps in anticipation of some disinflation? Thanks very much.

**John R. Furner**

*Director, Incoming Chief Executive Officer & President and Chief Executive Officer-Walmart U.S., Walmart, Inc.*



Hey, Chris. Let me take the first part of the question on grocery. In terms of where we are pricing, we're always looking for ways that we can keep prices as low as we can and invest in price. Walmart has provided an everyday low price value for many, many years and that certainly is relevant now for food pricing. For the holiday season, we're proud of the offer that we have. You can feed 10 people for just under \$4, I think that's really exciting. Items like turkeys, Butterball turkeys will be \$0.97 a pound, that's the lowest price we've had on turkeys since 2019. So, our strategy has always been, the philosophy has always been to keep prices as low as we can on a basket of goods over time, and we will continue to do that.

And then as far as how the mix is coming together, our merchants, they start every week talking about unit growth. And we focus heavily on how we're growing units. We think about unit share in food, particularly in fresh food where there are commodity prices that do what commodity prices do over time. We want to ensure that we have a value, but we look at unit share. So, our unit share growth has been strong. It was stronger in the quarter than our dollar share. And so, over the long term, we'll take the units and we'll focus on that, and then the dollars will tend to work their way up.

The last thing I'll say, there likely is some egg deflation right ahead of us. That is at our forecast, and we're thinking about that. And then we do have some inflation in the beef category that we think will take a bit longer to work out.

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**Operator:** Our next question is from the line of Robby Ohmes with Bank of America. Please proceed with your question.

**Robert F. Ohmes**

*Analyst, BofA Securities, Inc.*



Thanks for taking my question. And Doug, congrats, you will be missed. I will miss you personally. And John, congrats, I mean, I honestly can't imagine anyone better to follow Doug. So, just congrats to both of you. My question is on merchandise category mix. You guys mentioned that you expected merchandise category mix to still be a headwind to gross margin in the fourth quarter. You've got really good commentary on early holiday spending. You've got good performance in apparel and home doing better. I mean, just what will it take for merchandise category mix to not be a headwind to gross margin? Like, what's the secret sauce?

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**John R. Furner**

*Director, Incoming Chief Executive Officer & President and Chief Executive Officer-Walmart U.S., Walmart, Inc.*

A

Hey, Robby, good morning. I think the comment is reflective of the fact that health and wellness has been stronger and our pharmacy business has been stronger, and we think that will continue into the fourth quarter. You did hear John David mention some impact we may see in January related to the top line in health and wellness. So, the comment is really reflective of that overall category mix. And we are very encouraged by the fashion business. The fact it grew over 5% in the quarter, and we see more and more customers choosing Walmart for their source of fashion, and the unit growth across basics for kids', men's and women's, the growth was really consistent across the categories, I think, is encouraging.

And then in the overall business mix, it is also encouraging that eCommerce has shifted from loss to profitability. So over time, we think the mix – we will definitely see improvements between the channels.

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**John David Rainey**

*Executive Vice President & Chief Financial Officer, Walmart, Inc.*

A

Robby, if you were to go back and pinpoint when we started seeing the merchandise category mix pressure, it really goes back to a couple years ago when we were seeing inflation in the high-single digits. And so, I think it's reflective of the macro environment, much more so than anything that's happening at Walmart. As pocketbooks have been stretched, you're seeing more consumer dollars go to necessities versus discretionary items. I think, fortunately, for us, we've done a great job of improving our assortment. And the example I gave earlier with some of the categories that we're selling in our marketplace, you're seeing that we're doing a great job there of growing some of these categories where there has been pressure.

John noted if you just take apparel, apparel grew over 5% each of the three months of the quarter on a units basis. So that's – if you go back a year ago, that was an area that we were really pressured with. So, Walmart is doing the things that it can to influence this. But I think what's happening here from a merchandise category mix is really more of a macro phenomenon than anything.

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**Operator:** The next question is from the line of Paul Lejuez with Citigroup. Please proceed with your question.

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**Paul Lejuez**

*Analyst, Citigroup Global Markets, Inc.*

Q

Hey. Thank you, guys. Doug and John, big congrats. We'd love to hear a little bit about elasticity. Any early signs based on price increases that you've taken, which categories you might be seeing greater elasticity or lower elasticity than you might have thought? And then just a quick one, if you could give an update on marketplace, number of SKUs that you're at right now, where do you expect that to go next year, and how important will marketplace be this holiday season compared to the first three quarters of the year? Thanks, guys.

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**John David Rainey**

*Executive Vice President & Chief Financial Officer, Walmart, Inc.*

A

Well, I was just going to address elasticities. It really differs by category, but maybe one category that is a little more pronounced for us is electronics, toys and seasonal where we've seen some of higher AURs. And think of that being in the high-single digits and units are kind of in the flattish range. So that's been one where, I think, you've seen higher price increases overall, where other parts of the basket we've done, we've not had the same pressure from tariffs, and we've been able to mix out the baskets in a way that have minimized the impact on consumers.

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**John R. Furner**

*Director, Incoming Chief Executive Officer & President and Chief Executive Officer-Walmart U.S., Walmart, Inc.*

A

And on marketplace specifically, it is important that we've – as we've noted that customers can find a really broad assortment at Walmart, whatever you're looking for. And we've been focused on ensuring that customers can trust us for our broad assortments. So, we're still in that 500 million or north of range. It fluctuates month-to-month, quarter-to-quarter, but we're really focused on ensuring that – now that we use things like AI to determine where there are gaps in the assortment to ensure that customers can get their entire basket from us, and that could include whether it's an item for a specific event or part of a basket or regiment. We want to make sure that the assortments are complete. So, over the next few quarters, we'll really be focused on ensuring that it's the right number of items and the right quality of SKUs that are listed in the assortment.

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A

I think great innovation is so important along with price and where we see growth in general merchandise, for example, and higher AUR items, it's where we see great innovation, too. And I think we just need to keep our foot down on the gas on driving really great innovations with really great items.

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**Operator:** The next question is from the line of Rupesh Parikh with Oppenheimer. Please proceed with your questions.

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**Rupesh Parikh**

*Analyst, Oppenheimer & Co., Inc.*

Q

Good morning and thanks for taking my question, and also congrats to Doug and John. So, I guess for me on the International side of your business continues significant strength. It's trending above, I think the algorithm that you guys laid out earlier this year just, how do you feel about the sustainability of the top line momentum you're seeing in your key markets there?

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**Kathryn J. McLay**

*President & Chief Executive Officer-Walmart International, Walmart, Inc.*

A

Thanks for the question. So, I think we've just seen really consistent results in International from a top and a bottom line or sorry from a top line perspective. We took a moment in the first half of this year to invest into convenience and speed and into price, and we're seeing that kind of come back in this back half. So, we continue to feel really strong about the top line trajectory that we have in International. And it's a mix of being in high growth markets like India and China, as well as really truly kind of maturing our omni playbook in other markets like Mexico and Canada and Chile. So, really good things to say in International.

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**Operator:** Thank you. Our final question is from the line of Chuck Grom with Gordon Haskett. Please proceed with your question.

Q

**Chuck Grom**

*Analyst, Gordon Haskett Research Advisors*

Hey, thanks a lot. Good morning. Congrats, Doug. Great career. And John had a hunch when you ran Sam's Club, this would happen. So, congrats to you as well. With greater visibility here on tariffs than a few months ago, have you made any changes to assortments for the holidays? And then one follow-up for John David on the maximum fair pricing change in January, any idea how much that could potentially cap health and wellness sales, not necessarily for 4Q but also into 2026?

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**John R. Furner**

*Director, Incoming Chief Executive Officer & President and Chief Executive Officer-Walmart U.S., Walmart, Inc.*

A

Hey, Chuck, good morning. It's John. Thanks for the question. No big changes on assortment for the holiday. I think many customers will follow through traditions. I think many customers are looking forward to a great holiday throughout the summer. We did make some adjustments on the quantities that we decided to purchase and prioritize things like gifts or backpacks, back-to-school things for kids. We, in some cases even increase those, so it was really more of a shift in the quantities that we bought, but no big change in assortment plans.

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**John David Rainey**

*Executive Vice President & Chief Financial Officer, Walmart, Inc.*

A

And on maximum fair pricing, I believe that there is still information coming in on this in terms of which drugs they're applied to. So, probably a little premature to give you a number on the impact. But overall the health and wellness business is still going to continue to grow. It's been the part of our business that has seen the most growth over the last couple of years, and we still expect that.

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**Operator:** Thank you. At this time, this concludes our question-and-answer session. I'd like to turn the floor back to Doug McMillon for closing comments.

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**C. Douglas McMillon**

*President, Chief Executive Officer & Director, Walmart, Inc.*

Hey, thanks everybody. I really appreciate the relationships that we developed over the years. Appreciate how closely you followed the company. The pressure, healthy pressure you put on us. The critical thinking tests you've given us. And I think the company is better off because of your engagement. And just want to say thank you. I'll miss you guys. As it relates to the company, what a great business this is. In any environment, you've seen times when the customer has more money and how Walmart's well-positioned and in times when people are pressured, they come to us, and now the business is stronger in terms of our ability to make it more convenient to shop with us. I think that's been a big development.

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We're not just known for price, we're known for more than that now, and the runway looks like a long one to me. I have a high degree of confidence in the potential and what this company will deliver with John's leadership and with this leadership team, and I'll be cheering them on and helping in any way that I can. Thank you all.

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**Operator:** Thank you. Ladies and gentlemen, this concludes today's conference. You may disconnect your lines at this time and have a wonderful day.

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