

## Stephens Annual Investment Conference

### Company Participants

- M. Brett Biggs, Chief Financial Officer, Executive Vice President
- Unidentified Speaker

### Other Participants

- Unidentified Participant

### Presentation

#### Unidentified Participant

(inaudible) over the food and grocery sector here at Stephens, I'm thrilled to introduce our keynote speaker, Brett Biggs, CFO Walmart, who is going to join us today to take your questions and talk about the company. Brett thanks for being here. Always appreciate your time. This will be a Q&A session that I'll lead but while the audience chime in, I'll check them periodically to see if there are questions but I think maybe to get things started, Brett, there is this question I thought about a lot this last year which is a lot of ways, what you guys are delivering today is what you promised in 2015 when Doug and the team announced a pretty dramatic change of course for the company significant shift in investment to e-Commerce.

#### M. Brett Biggs {BIO 17414705 <GO>}

That was my first week is being announced as CFO.

#### Unidentified Participant

Yes, that's right.

#### M. Brett Biggs {BIO 17414705 <GO>}

I remember that.

### Questions And Answers

#### Q - Unidentified Participant

That was a significant time (inaudible). You've got the comps you've become now a major player in the e-commerce arena. In a lot of ways, the market really believed in you back then. It didn't feel like that first week (inaudible) you were rewarded with a higher valuation, you've now grown into that valuation. I think about kind of the next

five years, what are the things that you all are excited about that you think it's investors excited about Walmart and can be similarly transformational.

**A - M. Brett Biggs** {BIO 17414705 <GO>}

Yes. First of all, thanks for everybody being here. I think this is (inaudible) this may be the last live conference I was at two years ago was here in Nashville at Stephens, so it's nice to have people back in the room and being able to see faces and expressions, so thanks for being here. Yes, it's has been quite a journey. I've been with the company almost 22 years now and even going back and thinking about in 2000. When I came to the company, we were about \$160 billion in revenue and you know you had a long runway of Supercenters to grow and now we've grown our company over \$500 billion, obviously, we've gone further than the Supercenter. But five years ago, the investments we're making are the investments we needed to go make, we needed to invest more in e-commerce, we needed to invest in wages, we needed to invest in our stores, and at the time, it was investments have felt like it was a way to get us to catch up a bit and we had -- we hadn't grown as quickly as we do in e-commerce and we needed to catch up a bit in that space.

The investments we're making today feel very different. They feel very offensive -- they are very offensive and when I look forward to the next five years of what we can do in retail and there's a lot we can do in retail, but all the things that we can do with our flywheel in our ecosystem and building out other parts of our business, whether it's healthcare, financial services, or advertising marketplace.

When I look forward five years from now, I see a different company again five years from now, but a company that still an incredible retailer, but an omni retailer and a retailer that's playing a different role in customers' lives and being more involved in those customers lives, whether it's again health care, financial services, or retail. I'm more excited now than I was when I looked at a 5 years ago, I see more growth available and you're starting to see data points as you see things like Connect growing, we've doubled our e-commerce business in the last two years. Obviously, comps have been great. Profits have been great. So, I think we're showing to shareholders and investors what the company can look like and what it's going to look like and we just need to keep doing that. And I think over time the stock price takes care of yourself.

**Q - Unidentified Participant**

Yes. When you guys reported earnings, one of the things that I think stood out to many is your inventory position as you head into the fourth quarter. That was --

**A - M. Brett Biggs** {BIO 17414705 <GO>}

Rarely as a CFO happy about a (Multiple Speakers)

**Q - Unidentified Participant**

(Multiple Speakers) that's good working capital.

**A - M. Brett Biggs** {BIO 17414705 <GO>}

But it was really good, yes.

**A - Unidentified Speaker**

You talked about all the aggressive actions we put in place to achieve that sort of positioning. I'm curious kind of one short-term, one long-term question. What assumptions that you all put into your calculus to think about getting in that sort of inventory position for the fourth quarter. I mean as you look out maybe a year from now what sort of actions are you taking you're considering as you think about positioning yourself to be competitive as we move through this kind of supply chain cycle?

**A - M. Brett Biggs** {BIO 17414705 <GO>}

Yes. We really early -- earlier in the year, there are some things you have to buy very really far ahead from a seasonal perspective and we were seeing customer demand was strong, felt like it would -- it would stay that way even with what was going on with COVID and still continues with COVID but that we were going to be strong, particularly around events back to school, Halloween, Thanksgiving, Christmas, we were going to be strong and clearly the right call to do that and we're great shape -- we're in great shape for the holidays and said inventory is up almost 12% in the US. So if you're customer and you -- you want to feel good about where you can go find which you want it's going to be at Walmart, whether that's online or in the stores, so clearly the right decision to make.

I think as we look out the next year, you'll continue to see us be aggressive on in-stock, can't sell if you don't have it and there are times you're going over by something, we'll take that risk versus not being in stock. Supply chain in -- pieces of supply chain fill a little better than they did a few weeks ago, few less anchored ships out in California. I think what -- what the administration is done, what we've done, what other industry participants have done to get operations up 24/7, it's starting to unclog the supply chain a bit, so we feel -- feel more optimistic probably than we did a couple of months ago. This is going to take time. We've never probably in any of our lifetimes have seen a period of increased demand and constrained supply at the same time like we're seeing right now, but I do think a lot of it's going to work itself out.

**Q - Unidentified Participant**

The other I think kind of highlight we're very topical dynamic from the quarter was related to inflation and in particular, some of the comments that you all made, Doug in particularly kind of characterize yourself inflation buyers, which and would you have been for a long time. Where do you think the customer -- what are you seeing among your customer in terms of what their acceptance level is of higher prices or we at a point at which it's not the right decision to continue to pass along some of the inflation you're seeing, it sounds like we may be that kind of at that point now. But I don't want to really read into the comments that were made because that was a big takeaway from the quarter for a lot of folks.

**A - M. Brett Biggs** {BIO 17414705 <GO>}

Employment is good. Wages are very good if you think about our customers, so that puts more dollars in their pocket. Doug is right, we've been inflation fighter for all the back Sam Walton and I think there are times like this when you can show the differentiation that you can make for customers. Customers are very aware of prices right now, whether it's at the pump or in-store, and we know they're aware of that we're seeing -- we talked about we are seeing, low to mid single digit inflation in some categories, as we came through the third quarter. It's higher in some, not as high in others. We'll be thoughtful about it. Our price gaps today are wider than they were when we came into the pandemic. So we have the ability to do what we need to do and still be really competitive, so I think we can manage this from a -- from a position where it's good for customers, also good for shareholders and we'll just be very thoughtful about it. But we -- it is a time we can differentiate with versus our competitors.

**Q - Unidentified Participant**

Yes, yes. A couple of categories got called out on the earnings call. Beef in particular in the grocery basket. Are there areas where you're seeing more pushback versus others or you're particularly focused on within the consumer graph scale?.

**A - M. Brett Biggs** {BIO 17414705 <GO>}

I think you -- you saw from a customer perspective?

**Q - Unidentified Participant**

From a customer perspective.

**A - M. Brett Biggs** {BIO 17414705 <GO>}

You'll see some customers will trade down in some areas may buy a different type of meat or a different type of protein even than they were before and you'll see -- you'll see that work itself out over time, but nothing dramatic in the third quarter that was -- that was worth calling out as far as straight down.

**Q - Unidentified Participant**

Okay. You've got great comps across really all of the business right now. I think for years, the Walmart store has been defined by the US and store comps. For the last several years, e-commerce growth has been a big piece of that. We're facing difficult comparisons in the e-commerce business and you guys are increasingly thinking and talking about the business from an omnichannel perspective. So I'd be curious to hear as we look forward and we start to kind of normalize from the compares you further lean into this omnichannel idea. What's the right rate of growth for the e-commerce business? How do you think about balancing between the medium of purchase for your consumers?

**A - M. Brett Biggs** {BIO 17414705 <GO>}

Yes. It's -- when you think about the 3rd quarter, we had over 50% to your comp in the US on over \$300 billion business with over 30% comp to US comp at Sam's Club, which is over \$65 billion business, it's unbelievable levels of growth and it shows it really shows what our associates taking our stores and clubs associates what they did and have done during the pandemic is quite remarkable. How we think about the business though is just more and more omni and even couple of years ago, I remember talking to investors and saying, I know you want to know the comps of all the pieces of the business and I understand why, but it's really difficult, more and more difficult to talk about it in that way because customers today and even those of you sitting in the room here, you probably don't think about as much where you're going to get it -- need something, I can get online, I will get in the store, I can go pick it up, I can get it in my car and get it delivered, just need something and that's what we want to be. We want to be when you need something and you think about the search your head. We want to be first in that search in your head that you know our Walmart Store and get it there and we're within five miles of 90% of the US, so that's really easy actually. The Supercenter is a uniquely convenient format. I have it delivered or I can get it and pick it up on the way home, never have to get out of my car, but I know Walmart has got it and I know they have it at the best price.

**Q - Unidentified Participant**

Yes.

**A - M. Brett Biggs** {BIO 17414705 <GO>}

That's the calculus we want the customer going through more and more we're seeing them do that as we take share, particularly in food and groceries. I just want simplicity and with what we're doing around omni and the way we are changing the way we fulfill for delivery and even in the stores, we've always been the low price leader, but now we're really becoming very convenient for that customer and that's the mix of those two and if you can do it in a way that's friendly for shareholders, which I think we have and we will, it's tough to be.

**Q - Unidentified Participant**

Yes. I'm going to ask two more and I'll survey the audience. One is about CapEx spending. How hard is it to implement the CapEx spending that we want in this type of environment and how does the supply chain dynamics that you're grappling with chains kind of your rank order critical path of what you would prioritize spending more?

**A - M. Brett Biggs** {BIO 17414705 <GO>}

It's not -- it's not dramatic. We're not building a lot of facilities now like we used to. We are one of the Supercenters and stores, we are building fulfillment capacity but it's not dramatic. You saw that in the third quarter we went from forecasting \$14 million of CapEx this year to \$13 million, not a dramatic difference will some of that will flow into next year, but we're -- most of the projects we're doing are, we're on time when it will get them through and feel good about it.

**Q - Unidentified Participant**

My second question is ROIC, I tend to be kind of in ROIC. John (inaudible) about the world you hear me ask a lot of questions about it. I asked on the earnings call about it.

**A - M. Brett Biggs** {BIO 17414705 <GO>}

I'm kind of that way too, so, go ahead.

**Q - Unidentified Participant**

So I want to ask a big part, I think of thesis for one over the next several years is delivering some operating leverage as you continue to take share. if I look back to pre-2014, you had an ROIC level that was substantially higher than where we are today, obviously, you've made a lot of investment to get the share gains that you've enjoyed over the last several years can you get back maybe not all the way to where you were and continue to be aggressive and taking share. Can you play offense and defense in that regard and kind of help us think about how you think about what's the optimal level of ROIC?

**A - M. Brett Biggs** {BIO 17414705 <GO>}

Yes, I mean, the simple answer is yes, and you saw ROI go up in the last year, you saw in the third quarter, pretty significantly from last year. But the investments we're making and that's going to be in fulfillment, it's going to be an automation, it's going to be and technology. I feel really good about the returns on those and we wouldn't be investing if we didn't think our returns could go up you should continue to see we've talked about in our longer term algorithm, we should be able to grow operating income faster the sales of our mid to long-term and do in a way that's -- we're going to -- we're going to spend money on CapEx, but I really like the return profile of what we're doing. I feel confident about it.

**Q - Unidentified Participant**

Good.

**A - M. Brett Biggs** {BIO 17414705 <GO>}

We are standardizing. There are different types of technology that have different applications. So you think about distribution center where you're trying to ready stack a pallet and a pallet that can be unstacked at the store in a way that flows with the store. That's a different technology than what you need necessarily to fulfill online grocery in the back of the store. But within -- what we're doing a distribution center that's pretty standardized. What you do in the back end of a store that's pretty standardized but there -- but there are different technologies. There is not one technology that fits all things. I feel really good about our partners. We're leading edge on what's going on in supply chain from whether it's pelletizing or it's moving goods in the back making it easier to deliver all of those things. In some ways, there'll be a second-mover advantage in what we're doing there but I think the technology, I've seen it, there is a time when we will make that more available for investors to see and I think you would be equally impressed.

## **Q - Unidentified Participant**

You talked in the outset the first question the way we kicked off the discussion. You're doing a lot of different things beyond just retail. As you move into some of these different verticals, healthcare being a big investment that you guys have made, how do you do that with the same level of excellence that you've demonstrated in retail versus just kind of being all things to all people in an average capacity?

## **A - M. Brett Biggs** {BIO 17414705 <GO>}

Yes. You got to be really good at all of them and you've seen us bring in experts in a lot of these deals. Dr. Pegus who leads our health care function, we just -- few months ago announced the joint venture with Ribbit Capital brought in CEO who was one of the lead folks of Goldman Sachs for bringing in people that know these spaces, they know how to grow big businesses, and they've got to do it in a way, we've got to bring in people in a way that they know how to work within the culture of how we get things done which is important, I mean we want to be the same, but there is a culture about Walmart and how we do things that's important, but I think the mix of what we have today of people like me that have been here almost 22 years and new people come into the company with new ideas from new industries. It's great. I think we're all learning from each other. I think our culture lends itself to new people coming in and helping us and us helping them understand the company.

I'm on the Board of our Financial Services joint venture with Ribbit. I'm really excited about what we can do in that space. That's a space where customers and not just financial services but they need help managing their lives and organizing their lives and how they deal financially and whether it's with subscriptions are things that they're doing, then you help with that and we already have 265 million people a week to shop in our stores are customers of ours. We have the eyeballs to be able to leverage those kinds of services and that's what makes me excited about it.

## **Q - Unidentified Participant**

So I think we tend to like to think about kind of silver bullet ideas for companies just to simplify things. Walmart Plus was -- kind of characterized that when it was first announced?

## **A - M. Brett Biggs** {BIO 17414705 <GO>}

I'm not sure. We characterized it (Multiple Speakers)

## **Q - Unidentified Participant**

Right.

## **A - M. Brett Biggs** {BIO 17414705 <GO>}

Yeah.

## Q - Unidentified Participant

How does that fit -- so how successful as the program? How do you team the success obviously engagement is a -- is a big factor, explain kind of how that fits into the ecosystem and all the things that you try to do to drive customer engagement?

## A - M. Brett Biggs {BIO 17414705 <GO>}

Walmart Plus is a big idea and it's interesting that we've had a membership at Sam's Club. We have a big membership club already but Walmart Plus is a big idea because there are so many things that can get put around it, services that can be included with it, it's a way to interact with customers differently, it's a way to look at data differently and -- but we want to make sure we do it really well, so we're going to be thoughtful about how quickly roll it out, how quickly rollout services into it because we want it to be excellent at things we have to do around. Technology sometimes is taking all technologies and adding capabilities all technology sometimes putting in new technologies, so it's going to be great as we roll it out and it's one piece of the puzzle for us and so we're going to be very -- we're going to accelerate it, we're going to be methodical about it, but we're not -- we're not going to rush it out because of our whole strategy doesn't completely depend on that. There's a lot of other things that we're doing whether it's connector Walmart Fulfillment services but it's a big idea and it's something that I think will past my time at the company is going to be really important for Walmart.

## Q - Unidentified Participant

Along those lines and kind of thinking about investments, you've made a number of M&A investments, significant organic growth investments, you've also made a number of divestitures over the years to kind of redirect your portfolio, where are you today in that or you always kind of pruning, how do you feel that where the asset portfolio stands for?.

## A - M. Brett Biggs {BIO 17414705 <GO>}

Company has grown up a lot and how we think about that. When I -- when I first came to the Company, we really -- whatever we acquired we want to acquire 100%. We really didn't like divesting things. I think we've grown up and matured as a Company to realize you can make decisions that are great in a point in time and then there's just things change and you need to go make a different decision and you've seen that with what we did in Brazil, what we did in Japan, what we did in the UK, and those all made sense at the time and divesting of them when we did are taking a minority interest in when we did that makes sense now, I'd like the markets we're in internationally. We have big growth markets in China and India. Mexico is a phenomenal market. Walmex may be one of the best -- may be the best retailer in the world. Canada is a good market for us and Chile, South Africa, we have some good markets. You continue to see us make acquisitions. We made the acquisition of Jet. We made the acquisition of Flipkart and PhonePe and there is other acquisitions that don't get quite as much attention a little smaller that are more capability type acquisitions talent acquisitions, you'll continue to see us be really active in that space as we bring people and bring ideas into the Company that can -- that can help us develop the flywheel to where it needs to go.



## **Q - Unidentified Participant**

(inaudible).

## **A - M. Brett Biggs {BIO 17414705 <GO>}**

Yes, I think you're your questions will put. It's definitely more challenging than some areas that you can just go into a new product, what you do necessarily in -- put something into the store. The good thing for us is we know we've got permission from the customer to be in healthcare. We've had big pharmacy business for a long time -- big over-the-counter business, so we have permission to go do that.

There is going to be medicine changing, healthcare is changing dramatically, so there is already an impetus for change. And I think we'll be able to be a part of that we. We know how to deal with regulation. We're big company we know how to deal with that probably better than most would. It's not the thing it's simple, but we know how to do things like that and the healthcare continues to evolve as well online, telehealth, and you saw some things we did in telehealth, but we also have the stores and we've done things with clinics, we've done things with diagnostic labs, so everything about it -- it's more -- it's more challenging, but everything about it really fits into what we want to do and we've done things in our company's history that have been challenging but being more engaged in people's lives, we think but all of us U.S health care, right. This is one place where you were definitely be involved in people's lives and so while more challenging in ways we just think it's worth it to continue to look at different ways to flat to manifest inside the company.

## **Q - Unidentified Participant**

(inaudible).

## **A - M. Brett Biggs {BIO 17414705 <GO>}**

Yes, I don't think there's anything I'd necessarily rule out with health care but we want -- we want to be -- it needs to be something that can be executed at scale and to where -- once you start getting down the curve of simplicity versus complexity, the payoff needs to be even -- be even better from a customer and a shareholder standpoint, we go down the continuum, so we're always going to try to stay in a place that's balanced from that perspective.

Do you know if the webcast is able to hear the questions, do we know that?

## **Q - Unidentified Participant**

I don't know.

## **A - M. Brett Biggs {BIO 17414705 <GO>}**

Okay. I'll be better about repeating the questions.

## **Q - Unidentified Participant**

How scalable are the alternative revenues that you guys are going after, assume they're scalable?

**A - M. Brett Biggs** {BIO 17414705 <GO>}

Yes. We don't -- we don't really have time to go and measure if it is scalable, so yes, that is scalable.

**Q - Unidentified Participant**

How far away do you think we are from seeing them be really meaningful impactful because they're much higher margin. There has been qualitative commentary of their contribution to margin across these segments. How material can they be?

**A - M. Brett Biggs** {BIO 17414705 <GO>}

You've already seen Connect our advertising business grow dramatically, it's still a fairly small business, but it's -- it's a meaningful amount of revenue and profit to the Company now. The -- the capacity we're putting them for fulfillment centers will help us both first party and third party. Third-party marketplace is a great business one from a profitability standpoint, but it just continues to build that brand and gets people -- customers more loyal to into your ecosystem. That's the most important part of the marketplace. Financial services and we talked about that health care, health care is something that takes a little bit longer to develop there but it's -- but it's a big get when you can get there.

So there are some things that are working right now that you'll start seeing earlier the data points that I think shareholders need to see the company put out there and you're going to see some of those around these other businesses that we're developing though become more and more meaningful. And it's not, it's not long-term.

**Q - Unidentified Participant**

Okay. Last Mile how -- when you think about what you guys want to achieve there over the next several years? What do you think it looks like for you guys how important is the Spark Network and going after that? How important are partners that you have today on some of your traditional transportation as a function of that?

**A - M. Brett Biggs** {BIO 17414705 <GO>}

It's so interesting when you hear people talk about Last Mile, everybody talks about like this massive conundrum and we've sent people to the moon we've done other things, right. So you can solve Last Mile, it's -- it's solvable, but it's -- it is challenging, but that's a great thing for us is things that are challenging give us an advantage over competitors because we have the scale and the capabilities and the cash flow to go make these things happen. Really excited that we are in a last-mile Spark Network now and over 900 cities. What we're doing with Walmart GoLocal is such things we do with Home Depot. There's a lot of things that we can do in that Last Mile and you get more interaction with your customer. We're still testing and some think we're in six markets now testing actually delivering into your home, into your

refrigerator, and when everybody kind of gets a smile on their face like, I don't know if I would do that or not and I promise you would do that because the service is so great that you never really have to worry about it someone comes into your home and they put it in your refrigerator you can watch in the whole time that's where this is heading. It is in that Last Mile and so we've been using partners, third parties, we've got our Spark, we're getting with what we're doing with market fulfillment centers, and with FCs, we're getting product closer and closer to the customer. Those stores become a bigger and bigger advantage over time. There were years -- years ago where I talked to analysts about how big advantageous these stores are going to be and there was not a lot of belief in that at the time. I think now everybody gets why those stores are so important to what we do, but I think we will be a major, major player in Last Mile.

**Q - Unidentified Participant**

(inaudible).

**A - M. Brett Biggs** {BIO 17414705 <GO>}

Yes. The question if you couldn't hear, it was around how the structure really of supply chain changes as more items are brought online maybe less food traffic in the stores and the great thing about having the stores and the e-commerce business and being able to do the fulfillment network the way we're doing it is it really almost doesn't matter where the customer goes. If -- if e-commerce is more penetrated than we think five years from now or less penetrated than we think five years from now, we're okay either way. If you've been in our stores recently, they're crowded.

Our store traffic is really good. People like to shop in stores. Everybody says I want to buy everything online, they really don't. They like to touch, like to feel, like to be with other people. We want to make ourselves somewhat ambivalent basically how you shop and do it in a way that's friendly to shareholders, that's our management. Customers are going to shop how they want to shop. We'd love them to come in the stores because the stores have a purpose, which is -- that is the most efficient way to get goods to you and for you to get them. That is the most efficient way, but it is management's job to figure that out and to make sure that we deliver sales and profit growth -- growth like our investors expect but the customers could do the customer wants to do, I don't think there's a Company in retail that can -- that has the assets to do we're going to do. I don't think there is.

**Q - Unidentified Participant**

I'm not sure to dovetail that comment about the customer wanting to do what they want to do in this next question, which is all out there, but I'm curious, I really want to hear the perspective from you?

**A - M. Brett Biggs** {BIO 17414705 <GO>}

Now, I'm frightened that what your question is?

**Q - Unidentified Participant**

We had this real press release -- press release a couple of months ago about like coin cryptocurrency. I'm curious to hear your thoughts around can you envision the future or Walmart allows their customers to transact in cryptocurrency? How important do you think that even if your customers today and maybe just your reaction to that?

**A - M. Brett Biggs** {BIO 17414705 <GO>}

Yes, I was explaining to someone yesterday that when I first went to work in 1990 that we were just starting to use PCs and the internet and you see what's happened in 30 years. I don't think you can sit here and rule out almost anything of what happens five years from now, ten years from now, 20 years from now because technology is moving so quickly. Having said that, we're always going to be concerned about customer safety and that customers are protected in whatever we do. And I think regulation will develop on cryptocurrency, we're big proponents of blockchain and there're things that we do on blockchain with food safety and other things like that, so big proponent what's going on a blockchain. I think cryptocurrency will work itself out whether that's something that customers really want to use long-term. Again, if customers move in a direction where -- that's what they want to do, I don't think that's an overwhelming urge today to do that, then it's something is a retailer you would have to go take a look at, but the world likes changing fast. Isn't it?

**Q - Unidentified Participant**

Yes. (inaudible) now.

**A - M. Brett Biggs** {BIO 17414705 <GO>}

Yes. We're flying drones in North Arkansas to deliver packages, so it's yes the world changes and I think as a management team, you've just really got to be open to where the customers going and find ways to -- within bounds obviously find ways to to make it work for the customer.

**Q - Unidentified Participant**

We're going to touch on Sam's Club and international in passing -- the passing comment on Sam's Club is that (Multiple Speakers)

**A - M. Brett Biggs** {BIO 17414705 <GO>}

Those are two really big businesses by the way. Yes.

**Q - Unidentified Participant**

I mean Sam's Club is doing just an unbelievable job.

**A - M. Brett Biggs** {BIO 17414705 <GO>}

Yes. They really are.

**Q - Unidentified Participant**

That is showing up clearly in the results. Are they running the same playbook that Walmart US is? If they are, how -- why is it yielding so much bigger growth results and kind of where do you think they are in the runway of what they're doing because it's impressive?

**A - M. Brett Biggs** {BIO 17414705 <GO>}

Yes. I spent three years at Sam's Club, business a little different. Really is about membership and getting -- getting members in and then getting great items at great prices that's what you do as a warehouse club and warehouse business has been phenomenal for a number of years COSCO has done obviously very well as well.

But Sam's really, really kind of on fire, but it starts with membership, membership counts are records, renewals are records and members are seeing the value of coming there and whether it's our food business or what we have in general merchandise or the way we interact with them scan and go to make it easier for them to get in and out at the Club. And things are just really clicking. It's a great format. It's -- it's a great business model. It's fairly easy to show customers or members, the value proposition and our team there is just been -- just been hitting another part.

**Q - Unidentified Participant**

On international, can you talk about as you cut through some of the noise of divestitures FX has turned a little bit more positively?

**A - M. Brett Biggs** {BIO 17414705 <GO>}

Next year, our numbers will be a little easier (Multiple Speakers).

**Q - Unidentified Participant**

How do you feel about the trajectory of that segment? What are the things you guys are focused on in International?

**A - M. Brett Biggs** {BIO 17414705 <GO>}

International has had a great year, really two great years in a row and as you just kind of go around the globe as I said earlier Walmax if you've never been to Mexico and seen our business there, it's amazing business. As we talked about the ecosystem in the US, that's probably the business that's the closest and even some case leading what we're doing in the US is Walmax what they're doing around their ecosystem and their flywheel phenomenal business, multi format caters to customers at all different economic levels, great culture. I can go on on about Walmax.

Canada has been a great business for us. It feels a little more like the US. It's more of a Supercenter business than whereas Walmax is more multiformat, but always been a great business for us. China continues to be a good business for us. Sam's Club is doing incredibly well in China. The same thing you're seeing in the US with the club business you're seeing in China, as we get more middle-income, people that want the status of that membership you're seeing that play out in China.

And Flipkart's been great. It's -- you've seen the valuation increases we had our last round in Flipkart. PhonePe I think is going to be a crown jewel of that business that we bought, so I'm excited not only about what they can do in India but the learnings that we take from what they're doing. I remember my first trip over to India. And I said now the Flipkart and PhonePe team and there were a lot of things we were thinking about around financial services and apps and other things and I came back on home and Doug has like, hey, lot of things that we think we might want to do, those guys are already doing in India and they're just a smart, smart really well -- really well regarded management team.

**Q - Unidentified Participant**

(inaudible).

**A - M. Brett Biggs** {BIO 17414705 <GO>}

Sorry didn't shut off my Apple watch.

**A - Unidentified Speaker**

(inaudible).

**A - M. Brett Biggs** {BIO 17414705 <GO>}

Yes. I don't know Is that specifically, but it's again when you look at where customers are going, and they're doing things like that and there is just more and more discussion of the Metaverse and what's -- what's going to be the Metaverse and there is definitely something there. You've got to figure how to how to play in that and how to be involved in that and how to be part of the customer's lives and whatever they're doing and that's why you've got to build out these different capabilities and I think one quick -- one core capability to build as a company is the ability to be flexible. And the ability to keep inventing new things because the customers not stay static. They're less static probably than they've ever been, and when you see things like that, you got to think about how that applies to your business and then I'm sure there're things that we have done, whether that's GoLocal are flying drones that other competitors going, hey, we see that and we've got a -- we've got to figure out what they're seeing about the customer that makes someone to do that.

But it's so interesting right now. I -- we get questions all time about what with Sam Walton have gone into e-commerce, what would Sam Walton think about this or that and Sam was all about change in competition and learning and evolving and I think I think Sam would love this period of time because it's so dynamic. The things that Doug and I talked about six years ago, so different than what we're talking about today and you've got to build a management team that can work its way through that evolution, which I think we have at the company.

**Q - Unidentified Participant**

In the eCommerce business from a profitability margin management standpoint, I think we were pre-COVID kind of heading into a time where we were going to be

seeing that margin continues to get less of a drag on the overall business, where are we today, what has COVID done to that, I assume the acceleration of the growth rate has helped substantially, but I'm curious kind of where we are?

**A - M. Brett Biggs** {BIO 17414705 <GO>}

Yeah, we're still seeing an increase in our contribution margin rate, which is what you would expect to see. Again, it just gets so difficult to try to break that out in a way that's meaningful because there are so many things we're doing that apply to both stores and e-commerce, but I like the trajectory of the business, so we basically doubled in the last couple of years and I think we could easily double it again in the next -- the next few. Mix is changing and evolving, that's the greatest thing that can happen in e-commerce business as you start selling more and more home apparel things that have higher margins, you get more penetration from third marketplace third party, those are things that we're seeing developing in the business that as you grow sales, help you at the bottom line to where you wanted to get to and where we're still working the chain on that. But I feel really good about the progress and I'm very comfortable.

**Q - Unidentified Participant**

Overall margins. There is a lot of sensitivity right now, just given cost inflation some of your price investment commentary. When you guys think through margin versus share type decisions, how does the external environment dictate, what you guys do, how do you think about what's best for shareholders and balancing the short-term versus the long term, can you talk about?

**A - M. Brett Biggs** {BIO 17414705 <GO>}

Yes, I think it's a balance but long term you want to grow share and we are growing share and that's what you want to do long term. But given where I said our price gaps are I think there is no way to be very balanced about it and I think when you look at the results in Q3 and how we got to Q4, I think we have been very balanced about it but long term, we want to keep growing market share and that's why we developed this flywheel, why we develop this ecosystem is we want to grow share. But I see no reason why we cannot do in a very balanced way.

**Q - Unidentified Participant**

Yes. Last one for me and then we'll see if any in the audience. I think about the last five years have been so dramatic at Walmart, in terms of transformation, what do you think we'll be talking about five years from now in terms of what the major characterizing factor, Walmart successful then?

**A - M. Brett Biggs** {BIO 17414705 <GO>}

I know and I hope we're talking about five years from now, which is and I believe we will, which is the changes we made ten years ago and then have continued the changes that caused the company to continue to thrive. If you go back to decisions that were made. I've studied these decisions and I've studied the reports when these decisions were made and the articles that were written when we went into grocery, and when we went into Supercenters, they weren't all kind.

Not everybody believed in that strategy and when you look back at it now is the greatest -- may be greatest strategic decision ever taken in business was what we did in Supercenter and going into food it's phenomenal. I think the management team all knows we're -- and the -- behind us we'll have that too is where we're facing those decisions all the time. What is it that's going to transform this company that cannot just keeps it relevant that makes it thrive in the future. For us, it's continued to be great in-store, great food business, but five years from now, I think we'll be talking about a business that the flywheel you've seen on paper has come to life. And we're interacting with the customers in a much more meaningful way. We're in their lives more than we were. We're helping them continue to save money, which will always do but we're saving them time. We're helping them live a better life, which is our mission. People ask us you really believe mission, that is the mission we believe it is not just something on the wall. But just serving our mission will get us five years from now and where I think we're going to be -- which is a -- you're still going to recognize Walmart, but it's going to be a business I think customers will see differently than they see today, but in a way that's great -- great for their lives, great for us, great for our shareholders, because we just know how to serve them and I think will serve them in a way that no other business will be able to do. That's what I think we'll be talking about five years from now.

**Q - Unidentified Participant**

(inaudible).

**A - M. Brett Biggs** {BIO 17414705 <GO>}

That's an interesting one. Question is around whether financial services or healthcare will be more impactful as far as helping people live a better life? You probably want my answer, which is I think will be both because I know things that are going on that I feel confident about in both spaces and it depends on the individual. There are some individuals that really need help from a financial standpoint of how to manage their financial life. There are people where healthcare is a constant acute and prolonged condition that's the most important thing in their life.

And just I think we'll be able to meet each customer where they're at, I think that's the beauty of what we're developing is Walmart can be to each customer what it needs to be for that customer. You asked a question earlier about how do you keep it from being kind of average for everybody, which is kind of where the mass merchant concept started right was you just got to stack it high and sell it, but I think now it's much more individualized and you've got to be able to meet each customer where they're at and whatever is important to them and I can't think of a need really that we can't satisfy in some way.

**Q - Unidentified Participant**

Okay. I think that's a good place to leave it, Brett. Brett, thanks for your time (inaudible).

**A - M. Brett Biggs** {BIO 17414705 <GO>}

Yes. Thanks, everybody. Appreciate it.



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