Investor Day

Company Participants

- Doug McMillon, President and Chief Executive Officer
- John David Rainey, Executive Vice President and Chief Financial Officer
- John Furner, President and Chief Executive Officer, Walmart U.S.
- Judith McKenna, President and Chief Executive Officer, Walmart International
- Kathryn McLay, President and Chief Executive Officer, Sams Club
- Mohan Akella, Senior Vice President
- Prathibha Rajashekhar, Senior Vice President
- Stephanie Wissink, Senior Vice President of Investor Relations
- Suresh Kumar, Executive Vice President, Global Chief Technology Officer and Chief Development Officer, Walmart Inc.
- Unidentified Speaker

Other Participants

- Bob S. Drbul, Guggenheim Securities
- Christopher Horvers, J.P. Morgan
- Chuck Grom, Gordon Haskett
- Edward Yruma, Piper Sandler Companies
- Greg Melich, Evercore ISI
- Karen Short, Credit Suisse
- Kate McShane, Goldman Sachs
- Kelly Bania, BMO Capital Markets
- Krisztina Katai, Deutsche Bank Research
- Michael Kessler, Morgan Stanley
- Paul Lejuez, CITI Research
- Peter Benedict, Robert W. Baird & Co.
- Rupesh Parikh, Oppenheimer
- Scott Mushkin, R5 Capital

Presentation

Stephanie Wissink {BIO 17692025 <GO>}

Good morning, everyone. I'm Steph Wissink, Senior Vice President of Investor relations at Walmart. And as many of you know, it's a custom to start meetings at Walmart with the to Walmart cheer, so thank you for joining in on that this morning.

Today, we got quite the agenda planned for you, we have a set of presentations that will be followed by store and club tours.

Today's presentations are being recorded in the information presented and the statements made may include 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 refer to our 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.

Doug, over to you.

Doug McMillon {BIO 3063017 <GO>}

Good morning. I was wanting to speed those robots up that cheer was a little slow. Good morning, and thanks for being here again. Thanks for yesterday and last night, it was fantastic.

As I mentioned yesterday, the three headlines to take away from our meeting today are first growth. We will continue to grow, because we can serve customers and members, however they want to shop. Omni-channel is the winning approach. We have a unique position and opportunity given our capabilities and proximity to customers.

Second margin, we will improve our operating margin through a combination of productivity improvement and our mix of businesses. And third return, we will improve our return on investment through that operating margin improvement and by being disciplined with capital.

I'll use the description of Walmart that I shared last night to talk about all three points. Let me start with our people. Nothing happens that is an accomplished by our associates. Today's Walmart is about 2.1 million people. We are united by our purpose values and culture. We're running stores, clubs, and e-commerce businesses in 20 countries. We have sourcing associates living in an additional 13 countries, and we're leveraging skill sets and insight from all over the world. We have a broad and diverse team that brings a variety of expertise.

It starts with our associates at the front lines serving customers and members in our stores, club, supply chain, and technology areas. As you know, we've made important investments in their wages, benefits, and incentives as well as their educational opportunities over the years. Big picture, our reward system is designed to create a ladder of opportunity. We want to build careers, not just jobs. Retail jobs have always had higher turnover than in most industries and that's still true. And if someone wants to join us temporarily as many did during the pandemic, that's okay, but our goal is to keep and develop people.

In the U.S. about 75% of our store club and supply chain management started in their careers as hourly associates. We invest in more than just wages, healthcare coverage for U.S. associates starts at $33 per pay period. We provide up to $20,000 in support for adoption and or service surrogacy, a birth mom received up to 22 weeks of paid leave. As it relates to education opportunities in addition to our own internal academies live better you enables our associates to choose from 75 programs and areas like business management and data analytics from 25 education providers including Purdue University, Morehouse College, and Oregon State University.

A 105,000 our associates have taken advantage of that since 2018. We pay for 100% of the tuition, books, fees, and taxes. And associates have saved an estimated $333 million in tuition costs. We believe, our combination of wages and benefits have us well-positioned to achieve our growth and profitability objectives. We will adjust as the market changes, but our current position including our investment in education have us in the right range.

We have all kinds of jobs, we have over 25,000 technology associates. We have a large number of data scientist, product managers, and designers shaping our customer member experience. 46% of our global management team and 36% of our global officers are women, 29% of our U.S. officers are people of color, and we're leveraging talent from all over the world. Our country President in Canada grew up in Argentina, our leader in Mexico is Brazilian, and you may notice this morning, that our team brings with them experience from all over the globe. We've got a strong, deep and diverse leadership team. Being people led is about purpose, values, culture, opportunity, and belonging. It's our people that make the difference. Our culture, our humanity is what differentiates us.

Since we covered technology last night let's jump to being an omni-channel retailer. I'm going to spend a bit of time here. The whole statement is about service to our customers and members. We don't exist, if we don't serve them well. Across our markets, they can come to a physical store such as a supercenter, a neighborhood market or a discount, hyper like Bodega Aurrera or Sam's Club. They can take their phone and shop anywhere, anytime they want, they can pick up an order or they can have it delivered. And some markets, they can have it delivered all the way into the refrigerator.

We have now scaled those capabilities and are well-positioned for future growth. As it relates to our objective of sustained growth of 4% and are retained markets, we've grown revenue at 6% these past five years and 8% over the last three years as recent tailwinds kick that number up. In the three years before the pandemic, we grew between 3.1% and 3.6%. We know there will be variance from quarter-to-quarter and year-to-year, but regardless of the headwinds and tailwinds, we believe we are now positioned as a total company to grow at about 4% over time going forward. That growth will be enabled by our strength and physical retail and our expanding digital relationship fueled by pickup and delivery.

We'll build on that digital relationship with our first and third party e-commerce assortment and general merchandise in particular. We're leveraging our advantages, while strengthening our position, where we have room to win market share in areas like e-commerce, apparel, and hardlines. We'll do that by growing our assortment, improving our app design, and focusing on customer and member MPS. We're now in a phase that is less about scaling store pickup and delivery e-commerce assortment and e-commerce FC square footage, and more about execution and operating margin improvement.

Sorting out which part of an order comes from a store or club, which part comes from an FC and how they work together to enable a delightful customer experience requires a supply chain that is connected from a data and software point of view. John illustrated this yesterday afternoon and you saw a piece of it in the DC. We're now able to fulfill customer needs with a flexible connected omni-channel network enabled by data. Membership is the customers' preferred way to pay for delivery and it creates a lot of opportunity for us, it deepens engagement, helps enable personalization, and enables us to offer more services to our members. Bringing this all together to unlock a new phase of growth requires putting the customer member first and then working backwards to optimize the math, the financials.

We're doing this today and we see the improvements in efficiency and margin. We see the opportunity to accelerate that progress with investments and supply chain automation, which includes data software and robotics will improve item location, item location accuracy in stock levels, unit economic costs, and delivery speed. The combination of sales growth productivity improvements and business mix changes will enable us to grow profitability faster than sales. E-commerce starts with an owned inventory first party assortment. Our contribution profit and first-party e-commerce merchandise calculated as gross profit less variable costs has been improving due to mix with apparel and home being a larger percentage of the total.

The addition of third-party assortment through the marketplace increases selection for customers and strengthens our business model. The combination of marketplace fees, advertising income, fulfillment services, and data monetization diversifies our income streams and helps us drive incremental profit growth. Combined our physical footprint from stores, clubs, and our supply chain with new services and better technology, and you get the leading omni-channel retailer globally.

More than ever, we're taking advantage of benefits across segments as a total company in the areas of talent, knowledge transfer, enterprise services like sourcing and technology including back office software solutions, this is not just a U.S. brick-and-mortar business. We've built a set of mutually reinforcing businesses that drive growth and engagement from customers and members.

Our five year plan calls for us to grow profitability faster than sales. We know where our price gaps need to be and we'll manage them as we grow profit faster than sales through productivity and business mix. There's a release to capital investments, it's exciting that we have so many places to invest in our business and earn a strong return. Around the world, we will invest in remodels, and we'll open some new stores and clubs here in the U.S. as we've continued to do internationally in particular across Mexico and Central America. We will build out a last mile fleet of vehicles here in the U.S. and will leverage our spark driver delivery platform.

The bigger and newer news, the supply chain automation investments have attractive returns individually and in total. Think of these as automated storage and retrieval systems in four forms. There's one type and partner for our ambient centers like you saw yesterday. There's one for perishable food, there's one for e-commerce FCs, and there's one for market fulfillment centers or MFCs. Please come and join us in Bentonville in June for shareholders and we'll show you an MFC and share our latest thinking on story models.

As a relates to the automated storage and retrieval systems, we've taken enough time to prove them out, it wasn't easy. Teams of engineers and operators put in years of work on the software kept continuously improving the hardware and assembled new and existing data sets to make it all happen. And we're getting faster at converting. The first DC took about 12 months to complete, the most recent one six months. We'll keep improving in all those ways and we'll keep making those assets meet or beat our financial and operational expectations as we grow. This isn't a leap of faith, it's a methodical building of our next-generation supply chain.

All of it comes together to help us deliver our purpose, we are dedicated to helping people save money and live better. Our strategy is simple, it's to bring this purpose to life for our customers and members. We're convinced that value consistent everyday low prices, earn trust. Customers don't have to worry that they'll see a lower price on an item they purchased the next day or the next week, we aren't playing a game with them. And at the same time by reducing the volatility of high low sales activity we avoid promotional markdowns and extra labor and other costs that come along with inventory surges.

We enable our merchants and suppliers to focus their energy on innovation that will result in better prices and better products for our customers and members. They can spend time on availability new items, improved packaging, more sustainable products rather than on advertising markdowns and moving sale inventory around the store, it's a trust-building everyday low-cost approach. The combination of stores and clubs with pickup and delivery enables us to save people more time.

The shopping experience, especially as it place to convenience is how we've driven so much growth in recent years. And as we learn how to pay how to save people even more time, it'll propel our growth in the future. We're encouraged that our recent survey results show a strong score on price and an improved score on convenience that's almost as high as our score for value. When it comes to our opportunity to serve with healthcare will build on our pharmacy, OTC, optical, and hearing businesses along with Walmart health centers, where we're learning the right set of services.

With financial services, we've offered products to customers for many years. And we're excited about the opportunity across markets to digitize those and provide the right suite of services at their fingertips. Our primary focus is and will always be on retail we're merchants, but we've grown large and successful service businesses over the years and they're complementary.

In summary, we will grow our top line, improve our margin and improve our return on investment that's reflected in our five-year plan. We think growing a company of this size in the 4% range over time and growing profit fashioned and sales is achievable and that's what we're setting out to do. The strategy we've been working on for years has put us into a position to see more benefits for shareholders. We're really excited about it and feel blessed to be part of this company.

Thank you for your time. Please welcome, John David.

John David Rainey {BIO 17599063 <GO>}

Thanks, Doug. Good morning. Doug is giving you a sense of our ambition to shape and lead the future of scaled omni-channel retailing. Now, I'm going to share with you how that translates into our financial objectives and our investment priorities.

We have the building blocks in place to define the next chapter of retail and expect to do so, while driving strong growth in shareholder returns. As you experience yesterday at our DC and you'll experience later today in our stores, we're investing in ways that strengthen our existing business, our people, and our unparalleled network of stores, clubs and fulfillment centers. But we're also investing in our future growth, our e-commerce platform, and the high-value initiatives that are made possible, because of it. Together, these create an unrivalled global, retail ecosystem that has significant competitive advantages, and we believe will drive improved margins in cash flows.

Let's start by looking back, over the last five years, the business has delivered 6% sales growth and 3% operating income growth. And at our last Investor Day in February of 2021, we outlined a plan to achieve 4% sales growth on average with greater than 4% operating income growth. Since that time, our compounded annual growth and sales and operating income has been 8.2% and 4.8% respectively. Higher inflation as Doug noted has been a partial driver of our top line, while at the same time pressuring the mix of our business putting pressure on the bottom line.

What's not obvious though and this delta between sales and operating income over the last five years is the intentional reinvestment in critical areas of our business, these were investments to strengthen our competitive position. To help quantify this roughly one-third of this gap can be explained by our investments and e-commerce and technologies that are now powering growth and our omni-channel ecosystem. The remaining two-thirds of the delta reflects investments in wages to support our people and prices to solidify our EDLP approach, linking directly to our position of being people led and our purpose to help customers save money on everyday essentials.

Retail has changed a lot in the last five to ten years and the change over the next five to ten years is likely to be just a significant. Customers are demonstrating preference for multi-channel offerings, convenience, value, and selection. And up to this point for most, it's proving challenging to provide all of these things at attractive economics. What's important to understand is this. The investments we've made in people, price, e-commerce, and the high-value technology capabilities are why we are at an inflection point today. The benefit of any technology platform is being able to scale it at a lower marginal cost.

The investments in our supply chain coupled with the retail ecosystem are we've created or what we believe will allow us to realize more attractive returns through operating and fixed cost leverage. When we reflect on where we are today, we believe that approximately 4% sales growth and growing operating income at a faster rate are still the appropriate targets for us for the next three to five years. The investments, we've made have positioned us well in standard generate steady and sustained growth at higher margins. In fact, we think the opportunity for operating income growth over the next three to five years could be better than what we've outlined.

Looking ahead, the building blocks of our financial model are to drive organic sales growth through our omni-channel business model, diversify our earning streams through improved category and business mix, and scale proven high-return investments that drive operating leverage and improve incremental margins. Underline our financial targets is a disciplined approach to capital allocation, which includes growing our dividend, opportunistic share repurchases, and investment in our supply chain and automation providing improved unit economics.

So let's start with sales growth. Our omni-channel model is resonating with customers seeking out Walmart online and in-stores, curbside, and via delivery and we're growing mindshare for our convenience, what's nearly matches our mind share for price and appeals to customers regardless of their income level. Our primary growth goal in all of our markets is to drive first place wallet share across categories. Our multi-year growth outlook assumes that all three business segments contribute to enterprise growth. Walmart U.S. is building an ecosystem of value around its core, which is just getting stronger.

Sam's has great momentum and we expect sustained mid single-digit growth from new clubs and membership growth. And our international segment is positioned to grow at an even faster rate with enterprise growing in the enterprise with high single digit growth compounded growth with all major markets contributing, most notably Mexico and India.

Next is category mix, we've made significant progress in our food and consumables business, consistently growing our share, and deepening customer trust. We want to do the same thing with general merchandise by investing in our in-store and online experience, while inflation is still an issue in category mixed pressures are expected to persist this year, we're focused on improving shop ability curation and clarity across choice intensive areas, such as apparel and home and more tightly connecting our stores and online experiences. We think that we're set up the win more share of general merchandise demand this category mixed normalizes.

Our global merchandise strategy reflects a combination of first party and third party items and we view marketplace is a key driver across our markets. To grow our marketplace business, we're focused on high quality items and sellers, monetizing fulfillment services, and activating sellers to use our advertising platform. Our marketplace experience for both sellers and shoppers is earning us a position of being more desirable for many more brands, and you'll hear more about that from John and Judith today.

The next driver of our financial objectives is business mix. Many of the efforts to change our business mix were underway pre-pandemic, but the effects of COVID cost, and supply chain disruptions and inflation this year have clouded the ability to see our progress. But these underlying drivers of business mix are graduating from cost to benefit with accelerated payback supporting our view of faster profit growth going forward. I'll unpack these business mix drivers a bit further, starting with our store network.

We're investing and our stores in clubs for Walmart U.S. I hope many of you have had a chance to visit a remodeled Walmart supercenter to see the enhancements, we made to the shopping experience. Our customers are telling us they want more value and more inspiration more often across channels. We want to evolve our position among consumer mindshare from utility, so think price and convenience to engagement and loyalty. Sam's Club has grown 43% over the last three years, our clubs have been refreshed and modernized and you'll see this today as you walk through a nearby club.

Sam's is an item business in our merchants continue to strengthen the offering across categories. Based on momentum, we're seeing significantly stronger club volumes and rising awareness and preference, especially among Gen Z and Millennials. This gives us confidence, as we look at opening 30 new clubs in the years ahead. And our investments, in our International portfolio, will continue to be concentrated in areas of outsized growth, Walmex continues to continues to deliver steady gains based upon portfolio of distinct formats and expanded services.

India represents a significant growth opportunity with strong demographics and we have a uniquely local approach to each. China is more digital today than any other market, where we operate and it gives us direct insight into how markets like the U.S. could look in future years. Each market place a critical role in the reshaped portfolio, and we're excited by the growth prospects for the international segment. But today there is a blurring between the physical and the digital worlds, this place to our advantage.

We fully believe the future of retail is omni and we like our position with more than 10,500 stores and unmatched proximity to customers in our major omni-channel markets. When we talk about last mile at Walmart U.S. we really mean it. 90% of the

U.S. population lives within a 10 mile drive of one of our 4,700 stores. Said differently delivery drivers need to only drive 10 miles or less to reach 90% of the U.S. population. Today, in our Walmart store, you'll see how we're activating pickup and delivery at scale emphasizing customer experience and deepening loyalty.

As evidence of this, our pickup and delivery business has grown at an over 40% compounded growth rate over the last three years. And last year, we executed more than 200 million curbside pickups and fulfilled more than 600 million online orders. Across our U.S. network, online pickup and delivery customers shop more frequently across all channels including in store, and they spend a $1,000 more per year than with Walmart than a traditional customer. And online pickup and delivery is proving to be a key source of signups for Walmart plus with nearly 50% of members coming from this channel.

We pursued an aggressive digital growth strategy over the last five years. E-comm now accounts for $82 billion or 14% of our net sales and this compares to $25 billion or 5% just five years ago. In the run rate and monthly volume -- recent monthly volume is even higher growing year-over-year in the high teens, putting this on a path to reach a $100 billion in the very near-term. Importantly, we are already seen a directional change in our digital margins as we leverage our stores to fulfill, activate the local delivery networks, and scale-up high-margin value streams such as advertising data, memberships, and marketplace.

What's important to understand about this business is that we don't have to squint our eyes or cross our fingers to imagine profitability in this channel. And Walmart. U.S. today we have a positive contribution profit in our e-comm business, and we expect nearly 200 basis points of additional improvement in the coming year as a result of the investments that we've made. Sam's has a profitable e-comm business today, and Flipkart has a positive contribution margin which continues to expand supported by a healthy category mix and they're fast-growing ads business.

And in China, where we have a roughly 50% e-comm penetration predominantly fulfilled from stores and clubs, we already have a profitable e-comm business. By incorporating omni strategies and our connected ecosystem of value drivers, we see the potential to have enterprise-level e-commerce profitability in the next few years.

I talked earlier about the investments, we've made that have helped us with profits. These investments have funded and are now scaling a portfolio of highly attractive growth initiatives that reinforce our core retail model and will directly reshape e-commerce and enterprise profit trajectory. This set of initiatives drives stronger returns, and includes sophisticated advertising gateways, insight which data portals for both suppliers and sellers and next-gen loyalty and membership pillars for customers in many markets.

We've made choices to orient our focus towards growth initiatives with higher structural margins and higher sustained returns that also fortify our core. This group of high-value initiatives, high-margin initiatives is advancing from startup to scale and seeing meaningful increases in contribution margins. Collectively, these initiatives generate margins, that are appreciably higher than our existing business. And we expect to begin will positively influence operating profit growth relative to sales this year and accelerate in future years.

To this point, we've talked about how our investments are reshaping our profit outlook, you might be asking what about reinvestment and people and price. We are a people led business and we fully believe in a future, where people are at the center of how we differentiate our value proposition. We're winning customer mindshare for price and convenience and we aspire to win for service and experience as well.

Retaining talent and establishing career opportunities for our associates remains a central objective for our growth ambitions. We believe over time, the number of associates will grow, but at a slower pace than in the past as we compliment people growth with technology and automation. We're confident we can make the investments needed to remain competitive in the tight labor market while also growing our profitability. As people are paired with technologies that improve their efficiency and productivity, we realized improved unit economics and more satisfied associates.

On price, we've invested in our price to reinforce our EDLP position. We will continue to advocate for customers and reduce prices, when possible. We're comfortable with our current price gaps to the market is something we monitor very closely, and we're confident in our ability to win share by maintaining the price gaps, we've established. Customers across income cohorts, and especially Jim met, Gen Z, and Millennials are increasingly choosing to purchase quality affordable brands that we own including members market, Sam's, and great value at Walmart.

Private brands, private brands now account for more than 20% of our sales at Walmart and over 30% is Sam's Club. And at Walmex private brand penetration reached 15% last year, wherein departments such as home private brands are growing four and a half times faster than branded products.

Now let's change our focus for a second let's talk about capital. We previously stated that we expect our CapEx to be at 2.5% to 3% of sales and this year's CapEx to be flat to slightly up from last year, which would be at the upper end of that range. That is still the right way to think about our business over the next few years. This is what I want you to understand.

We view capital allocation is every dollar having to compete for the best return. And we view our capital expenditures through the lens of return on investment. The investments, we've made over the last few years and things like store level technologies and supply chain automation are yielding returns in excess of what we originally contemplated. Further scaling precisely these types of investments is what will allow us to realize a profit inflection. In the next five years nearly 90% of our

CapEx will be in these high return areas, like e-comm, supply chain, and store investments.

Our capital structure and our cash flow generation are a competitive advantage and we're allocating capital responsibly with a bias towards organic growth and improving margins. We're going to be very return focused, we want our return on investment to go up every year, and we believe in our planning horizon, that can meaningfully improve.

Underpinning these growth drivers is a focus on improving unit economics. As you observed yesterday, we're building a scaled system of supply chain capabilities, that requires a combination of data, software, and robotics. The investments in automation are already far exceeding our productivity targets in some cases 30% better, as we're able to better flow inventory at lower cost with less manual labor. By the end of fiscal year '26, so in three years, we expect that approximately 65% of our stores will be serviced by automation. And we estimate approximately 55% of our fulfillment center volume will move through automated facilities and unit cost averages could improve by approximately 20%.

Importantly, as you'll see during a store visit today, this automation has been designed with a human centered view improving how merchandise arrives at stores. Our targeted 4% compounded growth implies that over the next five years, we will add more than $130 billion of sales on top of our $600 billion base today. Automation enables us to improve our throughput at lower cost and to change our associates work in new and better ways. Most notably, it allows us to reallocate labor hours, closer to the customer to improve both the customer and associate experience.

Let me take a moment to translate these objectives and a simple financial outcomes, core sales growth, measurable business mix shift, and a lower SG&A ratio will be the key sources of profit advancement over the next several years. We expect to achieve sales growth in the midterm in the 4% range in some years, it may be more in others it may be less, but on average we expect it to be around 4%.

We're improving our category mix and expect gross margins to meet or exceed prior peak as economic recovery in future years supports a more normalized category mix and automation drives efficiencies and improving unit economics. We expect the benefits to business mix to be most notable in the pace of gross profit improvement in a level of operating leverage. Many of the fixed costs needed to execute our higher margin streams are in place and our marginal cost to grow is lower.

I've given you a lot to think about today. To summarize, we like our position. We like our position, because we see revenue growth across a diversified set of drivers, improved category mix, and increasingly accretive business mix coupled with improved unit economics. This is all fueled by supply chain investments with attractive payback cycles.

We expect operating income to grow faster than selves, but as you've heard we have drivers that could push that growth to levels twice that. Our management team is motivated and incentivized to execute and we're focusing on fewer more concentrated initiatives that reinforce our competitive advantages and can change the profit trajectory of our company.

Now, we'll bring up our segment leaders to connect our vision and financial objectives to their strategies and priorities Kath McLay, CEO of Sam's Club will start followed by Judith McKenna, CEO of Walmart International; and John Furner, CEO of Walmart U.S. will close the session, then we'll all be back up to take your questions.

Thank you. Kath?

Kathryn McLay {BIO 20989984 <GO>}

Well, good morning. I'm excited to share with you today a little bit about Sam's. I don't know that in my entire career, I've ever had such a compelling story to share. So, it's a great opportunity to kind of unpack what's been happening at Sam's, it's been driving this growth. This Friday, it's our 40th birthday and this last chapter has been a real chapter on growth and April 7th 1983, Sam Walton opened our first club in Midwest City, Oklahoma and we have come such a long way since then.

In FY '23, Sam's Club U.S. had a record sales of $84 billion across 600 clubs in the U.S. and Puerto Rico and online. As John David said over the just past three years, our net sales have increased 43% and we've been on this streak of 12 consecutive quarters of double-digit comp growth. We continue to set record highs for membership with strong renewals including our tenured renewal rate, which is in the low-90s, which is in line with industry standard.

Our membership has grown nearly 30% over the past three years and we're]attracting an unprecedented number of millennials and GenZs. We've actually added so many members, it's like we've added clubs without actually having to build the physical clubs and we've grown channel share without expanding our physical footprint.

So as we turn 40, Sam's Club is growing and we're doing it with the attention to detail of an experienced retailer. We are clear on our value proposition and we're disciplined in the way that we execute it. Over the last few years, we've invested in wages, prices and our fleet standards. Every week key leaders meet together in our trade meeting and analyze the important basics of our business like club standards, right down to the gloss on the floor of each club.

Price leadership, including a daily basket of 150 items directly comparable to our competition. Membership feedback on products that they love as well as ones that they don't. And convenience on indicators such as NPS and metric performance on delivery speed and completeness of orders. You see, when you get the details right, the growth follows.

So looking back at FY '23, we entered the year with momentum and we didn't slow down. Sam's Club delivered strong results with comp sales up nearly 11%, we saw strength in both transaction and ticket, and e-commerce performed well up 22%, and it's growing in a way that's profit positive. As members continue to take advantage of our convenience has like curbside, ship to home, Scan & Go, and now, Scan & Go Cafe.

Our membership income rose by 8.6% and we like the strength of our higher-tier plus membership. Despite reporting a modest year-over-year decline in operating margins due to markdown supply chain and LIFO, we rebalance our inventory to enter this current fiscal year in a strong and healthy position. So as I noted earlier, Sam's Clubs been on a roll. Our three-year compound annual growth rate is 12.8%, and again, that's without building clubs until now.

Because of that strong top line and the membership roll results over the last couple of years, we want to offer that Sam's Club experience to more people in new markets, so we're expanding our physical footprint. In January this year, we announced plans to open at least 30 new clubs with the first open next year right here in Florida. We also plan to invest in and modernize our supply chain will add new distribution and fulfillment centers across the country, including five this year, one of our first locations will be in Atlanta.

I'm excited about the strategic growth investments and have confidence in the returns will see from our investments in clubs, DCs and FCs. So it's worth asking how do we get here? Well, let me walk you through our strategy. Sam's Club is an item driven business, we offered a limited number of great items at disruptive prices. It is a really simple and effective formula, and it powers our growth. We want to beat the competition on quality, we want to meet them on assortment, we want to lead on price and we want to differentiate on convenience.

So last year to better explain our strategy and how it all comes together, we introduced our Sam's Club flywheel. So, if you see that slice the top, that's build a member obsessed culture, and that I would say is the key to our future growth. Our flywheel starts with the member and it flows from there. If we build a member obsessed culture, we can't help but design and curate items and services that our members love. And if they love our items we can't help but buy deep and provide low prices.

And if we have great items at disruptive prices and we open up multiple channels for our members to shop then we can't help but drive our membership and revenue. So then, we can invest more into our associates, who then in turn take better care of our members reinforcing that member obsessed culture. Our flywheel is a reflection of our priorities as a business and the evolution of our strategy as we compete and grow.

I'm especially proud of the way that we've lifted the bar on quality. Our merchants have done a great job, and we believe, it's our time to actually lead. We're seeing great progress on quality, when it comes to our private brand Member's Mark. It's now a multi-billion dollar business representing more than 30% of our sales excluding fuel. And if we were a standalone company, it would rank in the top half of the Fortune 500 list, just Member's Mark brand alone.

Last year, we relaunch Member's Mark as a more sustainable purpose-driven brand. We say that it's made with the member and the planet in mind. In other words, we want to sell the highest quality items that are also sustainably made. It's part of our overall effort to be a regenerative they are regenerative company. So let's take a look.

(Audio-Video-Presentation)

I think, Member's Mark may be unique among private brands and that is actually made with our members as well as for them. So, we have this group about 40,000 members, we call it my members, my community. And they actually influence the design and flavors of the items that make their ways to the club. So, I'll give you an example. Our private brand chocolate covered almonds originally rated below four stars with members and that for us is not good enough.

So, product developers took a member's feedback and we started over from scratch. They developed a new formula and they shipped it and international brand to the almond lovers in our Member's Mark community, and they tried both and the new formula now outperforms a national brand. The star rating for this item is now 4.7 out of 5 and sales are reflecting that change. I think, you have some of those almonds on the table in front of you. I hope you enjoy them.

Another Member's Mark category, where we've made great progress as well as apparel. Apparel sales of our private brand have increased more than 30% year-over-year, and we've seen substantial growth in that promoter scores for overall apparel sales from our members. So, they're telling us that they like what we're offering and what they're buying. Member's Mark is our number one seller in apparel as members are responding to this improve quality as well as trend relevance. We will also continue to continuing to invest in brand partners that are members loved.

In the past year, we've had a national brand, like Lands' End, Christian Siriano and Vince Camuto and members are responding. Total apparel sales have increased by nearly 12% year-over-year even as we've reduced SKUs to make it easier to shop as well as to stock. We've had more apparel sales than ever with few brands because we had the right brands. So, I don't think it's a coincidence that as we've added new brands to apparel relaunched and improved the overall quality of our private brand and focused on conveniences, like Scan & Go, curbside and delivery they were actually attracting a much younger demographic.

I mentioned those digitally savvy, Gen Z and millennials earlier. Well, over the past two years, Millennials and Gen Z have grown the fastest with our member base increasing at some 65% and 120% respectively. And not only are those cohorts growing, but combined they have the highest growth rate and sales. They are more likely to have joined us organically, and they have the highest digital engagement with us, including the use of Scan & Go technology.

So just to dive in on Scan & Go a little, overall more than one in four of our members now shop in the club with our digital apps Scan & Go. The NPS on Scan & Go is 90, which is phenomenally high. Members, who use it are more likely to renew because it just delights them.

Let me show you how all of this fits back into our flywheel and feeds our momentum for more gross. So by designing and curating items members love in this case apparel and providing easy access digital conveniences like Scan & Go, we attract members like our Gen Z and Millennial cohort. These cohorts provide good examples of the digital relationships we developing with our members. These relationships generate data, data that Sam's Club uses to enhance the value of our membership. Because of data, we know our members better than ever that allows us to lean into personalization and rich performance tracking, and this leads to lucrative relationships with our third parties.

An example of this is our recently launched digital advertising platform, which we call MAP, which stands for member access platform. It's growing fast and has a high operating margin, and we're excited about MAP's ability to enhance our members experience while also contributing to profitability. Because of our rich first-party data, we can track the return on digital ads via member shopping behavior for both online as well as in club, and I think that's a first for the industry.

So it's our flywheel has spun faster, we've invested back into the business to fuel further growth. We've enhanced the look and feel of the entire fleet of clubs making them brighter, easier for members to navigate, and more colorful both our members and our associates love it. We've invested in technology to help us better serve our members and enable our associates.

Our inventory scrubber, which you can see on the screen takes 22 million pictures a day automating some 35% of inventory management tasks. As we've rolled out new technology, we've made jobs more efficient that's enabled us to create new jobs, while keeping our head count nearly flat, as a result, we've been able to invest in wages. Our average wage rate, including incentives is $19 an hour. To underscore that over the past three years, we've increased our top-line by 43% we've kept our headcount nearly flat, and that's allowed us to invest back into our associates.

And I'm really proud of the way that we've invested in them. We've developed work schedules that fit their lives. We've created career ladders that open doors for them, and we're fostering a safe and welcoming work environment. Like the rest of Walmart, we are people led tech power business that saves people, time and money. But I also think Sam's Club is different in important ways, especially when it comes to the warehouse membership business.

We've developed unique relationships with our members and suppliers that should result in continued growth and market share. So, I want to close with five ways that I think Sam's Club stands out to generate growth, operating margin, and returns. One, members love our value proposition of quality items, disruptive prices, and convenience. We want to make that value proposition available to even more members, so we're growing our physical footprint as we continue to grow e-commerce.

Two, we work with and for members to design the quality items they want by soliciting their feedback during product development and design. We're highly confident of success, when we go to market. Three, we're attracting younger members, who have a more digital relationship with us across all channels. Fourth, our e-commerce business is growing in a way that is profit positive, we're using our physical footprint to optimize our digital approach.

And lastly, we're using our data to work differently with our suppliers and see opportunity for growth with our member access platform. And we have insights on how our members shop and our supplies love it. Our confidence about the future at Sam's Club is greater than ever as we continue to attract the next generation of digitally savvy members, who trust us to be a partner in their lives. We're building a strong relationship with our members that they can't find anywhere else and seeing a path to being number one in the growing club channel.

Thank you for your time and interest in Sam's Club, I'd now like to invite Judith McKenna to the stage.

Judith McKenna {BIO 4806787 <GO>}

Thank you, Kath, and happy birthday to Sam's Club, the cake last night was fantastic for anybody that got to a chance to try that. Good morning, everybody. It is a real pleasure to be here. As you've been hearing our company is well-positioned for growth, margin improvement, and to strengthen our return on investment. Our international markets outside of the U.S. will contribute to all of these.

In that context, what I'd like to do is tell you a little bit about the role that Walmart International plays for the company overall and the opportunities that being a global business creates. Today, we're already the world's largest international omni-channel retailer, and we provide a source of long-term and sustainable growth for Walmart. We have a path to grow to approximately $200 billion in GMV over the next five years. And at the same time, we will more than double our profits. We also expect our digital penetration to more than double during that timeframe.

Now this is the first time we've talked about our ambition, but it's really important. Because without understanding that there is a real temptation to see the complexity rather than the significant opportunity, which Walmart international brings. Over the last few years, we spent time radically re-architecting the portfolio. We've made some really bold changes, which give us confidence in our future and the results can already be seen with our 9% sales growth, and 9% profit growth last year, which followed strong numbers the year before.

Back in 2018, our sales were $120 billion, which then was about the same as GMV. We divested of our businesses in Brazil, Argentina, Japan, and our largest business at the time, which was as during the UK. In round numbers, they accounted for a production of about $40 billion of sales. But in parallel, we invested into a majority stake in the Flipkart group in India. Today, we've already made up a significant proportion of those sales.

So, what was the rationale for the moves? And our strategy is really simple, its strong local businesses powered by Walmart and we use that as our North Star, to assess where we could operate most effectively. Now it was clear that all of our businesses would need to become digital and omni-channel, and that required investment. But we knew that if we made choices, we could make those investments needed in those businesses that showed the highest growth and return potentials in the long-term. So, we made a deliberate choice to focus our footprint and to focus our resources and our talent, where it mattered most.

We now operate seven businesses across 19 countries, Canada, Chile, China, Walmex, Masssmart, Flipkart, and PhonePe in India. Excluding the U.S., these provide access to 40% of the world's population as well as more than half of global GDP growth outside of the U.S. over the next 10 years that means we above meaningful scale concentrated in the right places. Our 500,000 amazing associates around the world set $18 million customers each week. We operate 5,200 stores, but 96% of firm are in three primary formats Walmarts, Sam's, and Bodega format in Latin America. And built on that foundation, we have e-commerce platforms in every market.

Today, we already have 21% of sales digitally, and we plan to double that number over the next five years, and usually head from John David, I tried to business is already almost 50-50 today. This omni-channel breadth is unparalleled, because that gives us access to customers across generations and income levels. We've got really big ambitions, but as my boss, my old boss Greg Faran used to say, you get one point for talking about it and nine points for actually doing it. So what are we doing? We're bringing our purpose of saving people money, so they can live better to life and we're doing that through that strategy, strong local businesses powered by Walmart.

But what does that actually mean? Well each of our businesses is relevant to and tailored for the customers and communities we serve and each is anchored in value, access, and trust. And that core is amplified by their ability to leverage the unique benefits of being part of Walmart. Simply put that means, we're common where we can be but only different where we need to be. And one of the most important ways we're common and maximize leverage is that we have shared strategic priorities across international and in fact across Walmart. Being market-leading in omni-channel, building scaled global marketplaces, and growing complementary and reinforcing new businesses and income streams, when those three priorities are combined into an ecosystem, they actually become even more effective.

So let me take a minute and maybe give you an example of these using Mexico and India to talk about it. A Walmex business is listed on the Mexican Stock Exchange and operates more than 3,700 stores across Mexico and Central America. By the end of this year, our sales will have doubled since 2014, and since then that business has delivered a TSR of a 162%. As of yesterday, it had a market cap of $70 billion. Walmex is a remarkable business, it's dedicated to finding solutions for their customers, but at the same time accelerating growth and returns.

In Mexico, specifically we're providing access to goods and services for the country's 130 million people half of whom are under 30. And we're building an ecosystem that connects customers to the benefits of the digital economy across stores and online. Just as in the U.S. the proximity of our stores to the population is high and today, we're already the leading omni-channel retailer in the country in fact in the region. We're building on omni-channel offer from stores with a first-party extended assortment and a growing marketplace seller community including very that might sound familiar it should.

We're using the same playbook as the U.S. and we're scaling it fast. In addition, though, we have a digital wallet called Cashi. And we recently received approval to purchase a small Mexican FinTech company, which will help us on our journey to become open loop. One of things, I love about Cashi and why it's tailored specifically for Mexico is that you can use it even without a bank account.

We also have a mobile and telecoms business called Bite that today has 8 million total users and offers cheaper mobile data for customers right across Mexico. And we recently launched a health membership program to provide first contact healthcare for less than $2 a month. And our Walmart connect business there is growing into being one of the biggest media companies in Mexico. But much of the work that Mexico is doing is built on a common capabilities technology such as the Cashi e-commerce platform, Walmart fulfillment services, and the marketplace global seller platform, common processes such as maximizing store pick efficiency are optimizing store layouts.

And of course, product including thank you to Sam's Club, because we have items in Mexico that come from Sam's Club in the U.S. Guilherme, our CEO in Mexico, who was previously CEO of our Brazil business, and his team recently hosted an Investor Day. I think they summed up well Walmex. They said our ecosystem will generate mutually reinforcing benefits for our customers. We're not just creating new businesses, we're creating an ecosystem, which is bigger and more valuable than the sum of the parts, and I find that really compelling.

But let me turn now to India. In India, we have digital businesses, but just as in Mexico, we serve people throughout the country, where and how they want through the nationwide networks that Flipkart and PhonePe have built. Both platforms are anchored in scaled world-class technology solutions that are built for India. And increasingly we're seeing opportunities to leverage that technology, whether it's the Flipkart, our tech platform in Chile, the PhonePe fraud detection system, which will use and adopt for Cashi in Mexico and Flipkart supporting Massmart in Africa to build its marketplace platform.

The leadership position that each of these businesses has means that we're even more confident today than when we very first invested into them. The scale of the addressable market in India is significant, 1.4 billion people with a median age of 28, and it's forecast to be the world's third-largest economy by 2030. It's estimated that nearly 700 million people there are already online, but only about a third of them have ever made an e-commerce purchase.

Today, Flipkart is the e-commerce market leader, it is truly customer centric with a deep engineering capability, and a DNA of solving problems for the Indian customer. It's a really powerful example of how marketplaces and new businesses combine to create customers, who can get value, access, and trust. Flipkart's core commerce platform continues to scale, its winning first time e-commerce customers from Tier 2 and Tier 3 cities and beyond.

It's app is opened 2.4 billion times each month. And we recently added online healthcare travel to provide even more access for people in a more trusted environment. But at the heart of Flipkart is eKart, this was developed to solve the unique logistical challenges for e-commerce in India. It is a pan-India supply chain network, which includes 35,000 kirana partners, think of small mom-and-pop shops, who can help provide last mile delivery capabilities closest to the customer.

It also provides low-cost fulfillment services for sellers, and it recently began to use its network to provide logistics to third parties. It's Flipkart continues to scale, the business model is strengthened, including its fast tag, fast-growing ad tech business. The business now has a positive contribution margin that is continuing to expand. But we're pleased particularly with the progress that they're making to become operating income positive. PhonePe continues this theme of access, value, and trust. They are building on their massive core payments platform the rails, which now link 450 million users to 36 million merchants, and generate over 45 million transactions a day.

In the year, after we invested in TPV, which is total payments value was around $70 billion. This February on an annualized basis, it hit the remarkable number of $1 trillion. Payments are driving revenue growth and we're building on that with an increasing range and depth of financial services for both customers and merchants. For auto insurance, we're already the second largest digital provider in India, and we've recently launched a fast-growing gateway for merchants, it's a powerful business model. And we announced in January, a funding loan for PhonePe with blue chip investors, which valued that business at $12 billion.

We're confident in and really proud of both businesses giving their growing financial strength of the fair respective cost, we have clear path to profitability for both and at the right time to IPOs. But I've only talked about two of our markets, but it is also important to note that by 2027 a third of our profit will come from outside these two.

We really like the markets that we're in today, and each of our businesses has a unique and important position in our portfolio.

So finally that brings me to leverage, this is one of the areas and most frequently asked about. Our strength in Walmart international is that we're not a one format or one platform retailer. We deliberately operating local businesses specifically tailored for the customer flexible in their approach, which are strengthened by the global leverage that we've been able to create in recent years.

We think of leverage in four dimensions technology, knowledge transfer, talent, and services. I've referenced examples of the first three as I've talked, but let me briefly share one more regarding services and that's our global sourcing capabilities. As John David and Doug shared our company will grow improve operating margins and improve returns. Not only is Walmart international driving helping drive all of these, but our sourcing business is a sweet spot that hits all three.

We recently began restructuring the Walmart forcing organization to better serve all of our customers around the world with Walmart U.S. has its largest customer. But to give you a sense of the scale of this business, think of the equivalent to a top five global CPG company. We're truly leveraging, the volumes and specifications and product across a wide range of categories in an efficient and regenerative way. Think of it like bikes to barbecues to bananas. Today, they collaboratively source for over 300,000 unique items providing value access and trust for customers everywhere, and at the same time, strengthening communities through sustainable job creation.

So in summary, I'll leave you with a couple of points. The restructured portfolio is working. We're focused where it matters to drive growth margin and returns. Our ambition is simple to reach GMV of $200 billion and more than double our profits over five years. We've developed a blueprint for how to fix successfully run in international retailer. Our businesses are relevant to the customers and communities they serve, but they have common foundations, they have what makes Walmart, Walmart and they have the huge benefit of global leverage.

So that approach and that our results to-date, give us the confidence that can achieve the compelling financial ambitions that we've set out. But I will say that none of this would be possible without the brilliant teams around the world, who make all of this happen. So I'm going to end with a huge thank you to each of them for making a difference.

Thank you. John, over to you.

John Furner {BIO 19351533 <GO>}

Alright. Thank you, Judith. Great message. Well I'm excited to be back in front of you again to talk about the U.S. business and a lots happened since we had a meeting like this, just a few years ago. And I'm going to start right where Judith closed and talk about how proud I am of the team just about. I guess, two or three weeks ago, we had around 7,000 our leaders together in Orlando not too far from here and we put up this number of $79 billion in growth. And it's a pretty special number, because that's our growth just over the three years.

But because we're in Orlando, we put in perspective, and I just told the team basically what you just did is you grew an entire Disney over that period, and we did it with the same kind of stores and they've really one new distribution center. So really just want to say hats off the entire team for what they did. And it's been unique period and we had things like tailwind, we've had inflations, but the team really deserve the credit for what they did. And I was also really, really proud last year of the reaction the teams had to the inventory challenges.

Now first the team identified what was happening quickly, they stayed positive every week, we go to stores and they just would have the smile on their face and we're going to work through it. But the team worked through 100,000-plus containers of inventory over the first half of the year and they got us into a really good place, and I'm really proud of them for what they did. But it's not all just a coincidence that these things happened and the growth happened, despite the challenges and everything happened in three years. We took some major steps to become an omni-channel organization.

And that began in 2020 really in the middle of the year, we made the decision to pull our e-commerce team and our store team together and to one team. And since that time there have been just dozens of changes, like we talked about one app and moving to the Glass platform, launching Walmart Plus and there's just a whole list of things that you can see here. But we have one team that is leading everything from operations to stores to e-commerce all together. And we have one team led by our Chief Operating Officer, Chris Nicholas, who is here, who leads what we call the end-to-end organization.

And that would include everything from production to delivery to the customer across the chain that includes our supply chain, including our imports, our distribution centers, our fulfillment centers, stores last mile, even into the customers home with Walmart and home. And we've always said the end of the chair, the customers number one, customer comes first. But I want you to know that we're really working that way across the organization today.

So I want to talk about our priorities, our priorities for more growth. And the most fundamental way we do that is we win in retail that's who we are. At our core, we're merchants. We've been merchants for a long time that hasn't changed for over 60 years. So ultimately like you've heard this morning, we went with merchandise, we went with value. And will continue to work to build more flexible options for our customers, even something like Walmart Connect that you've heard about this morning. The reason we have Walmart Connect is to connect merchants again to connect our suppliers, our sellers to customers, and we can do that while improving mix.

And on the fundamentals of merchandising, I'm really, really pleased at the progress you'll see that in the store this afternoon, but quality is improving that includes the store, includes online we have strong price gaps that we're proud of. And recently, I've been much more pleased with the in stock levels that we're seeing all around the country and that's great to see the recovery from the last couple years. Our store managers are much better position today to be merchants and merchandiser facility, they're much better shape on inventory.

And so, about our momentum and food and consumables and we are going to continue to work to soften the effects of inflation for our customers. We'll continue to lean into everyday low prices will lean into our robot program and we've invested in customer offers just this last six months or so and Thanksgiving and Christmas to have those meals at the same price as last year and we're going to do the same thing for Easter right now.

And we're pleased with our progress, when it comes to self manufacturing and production, we have plants in both the dairy department and the meat department. And it's played an important role particularly the last few years and maintaining supply across the country. At one number, I think is really exciting is we have today 22 owned brands, private brands 22 brands that are over a $1 billion in sales, and just eight of them alone are in the food and consumable areas. So really big number of brands they're growing, there's a brand called life in the pet department, which is accessories and apparel, pet meds, and it just is the latest to hit a $1 billion.

And then in areas like beauty, we have new brands like the hair lab and relab, our revolution and pet and beauty both are important categories, because their categories, where customers are looking for more options like pet costumes or other things that we've seen trend up in the last couple of years, but the teams continue to make a lot of progress in merchandising.

And then, we've talked about as you know, a large part of our growth recently has come from high-end customers and those are customers, who have come to us for food or consumables during the pandemic or during times of inflation. And that's something that's happened previously, when there are other dips in the economy or changes, people came to us for value. But we haven't always been able to hold on to those customers. But this time, I'm really confident, it can be different, because we offer so many more solutions in terms of flexibility, what omni source solutions.

So having these options, the flexible options paired with great product and great price and great value give us confidence in our ability to retain these customer groups. So we're also making progress on the omni options. An improvements in the store with remodels, we've been growing our curbside capacity, our NPS, our wait times have improved pretty significantly and they're also improving for our delivery business. And that is has led us to success with our most powerful recent tool which is Walmart plus and we see retention rates improving. We also see higher engagement from customers and higher frequency from those who join the Walmart Plus program.

Now the average member you heard this earlier spends quite a bit more than a non-member. So, it's an important part of the puzzle, we're solving going forward for the long-term. And I've also had that the newer customers, like our existing customers, they love the focus on regeneration and sustainability. We have a micro cycle built for better, where you'll see a showcase of products that are ENERGY STAR Certified, Rainforest Alliance Certified, or certified by the better (inaudible) initiative, and those are important categories as well.

So John David mentioned, we're really focused on growing our general merchandise categories and it's important. It's important both for mix, but it's also important to help us retain those new customers. They come to us for everyday, low price, and grocery and consumables, but when they see the latest apparel offering in stores and online or patio furniture or tools there. A lot of great categories there, that can help them rethink Walmart, and rethink that then this in a way that they'll stay with us. And we are going to continue to invest in our private brands all across GM like free assembly and scoop.

And our apparel strategy, it's really about three things. It's about the elevated brands, it's about national brands, and it's about staying focused on opening price points. And it's really important that we do that because it helps us reach a wide variety of customers. And then general merchandise is also placed where we are fighting inflation. Our on TV brand is now priced 29% less than a year ago and it's now the number two units seller in the United States. And then for Easter, we have over 100 items that are less than a dollar. So that really helps customers build an Easter basket at a great price.

So another one, I'm really excited about is our remodel program. And if you've been in our flagship stores in the New York metro area would have seen some of the changes and those include the great brand shops that are a front. We have digital displays, we have mannequins with wider aisles and we have updated fixtures. The customer feedback has just been fantastic, and we are really encouraged by the early results we're seeing out of the real model program.

Now in the media last couple days or if you've been online you probably have gotten a chance to see our new or we launched home page. The page itself looks great, it brings the best of the entire assortment together, a lot more color, it's vibrant. And we've always said you should be able to walk into Walmart store until what season it is. And I think, you'll see that happen exactly the same way, on the homepage now. So, really love the way this is turning out. And then you heard a bit this morning about the marketplace. 3P is a really important part of the overall portfolio. And some of the numbers I think that are interesting is our e-commerce selection.

We're now over 400 million SKUs online so significant growth near ago and 200 million of those are in apparel and over 60 million of those are in home. And then we've seen our seller account just this year, increase 50% over the year before. And when it comes to sellers, they're important services that we offer, that help them be more successful seller at Walmart. Now one is 175% growth in the number of sellers, who using Walmart fulfillment services and over 100% growth and the number of sellers who are using Walmart Connect. So that's a big win for us, it's a big win for our customers and it's big win for the seller.

Additionally, we are increasingly becoming a destination for products that are made, grown or assembled in the United States. And those products represent about two-thirds of our products spend. And just a couple years ago, two years ago, we decided to spend an additional $350 billion on product made growners on the U.S. over 10 years. So we're happy with the goal, but not only do customers care about this goal, it's good business as the last few years have shown.

And then this item here is our new Ozark Trails bicycle. It's a great item I saw it at our meeting we had just a couple weeks ago but it's a 39% price gap to the market, and then you can see that it's assembled here in the United States. So there's just a few ways that we're going to continue to focus on winning a GM. And when it comes to inventory, I just want to add a bit more, because it's been a hot topic the last year, so it is key to winning in retail.

So first we feel good about our inventory position in total, you heard that in our latest quarterly results. Overall I would tell you that the supply chain is clear, the supply chain is current, and looking at what's left, we still have some pockets of apparel, we have some clearances stores we're going to work through, but that's all accounted for in our plan. So we're in much better shape than we were a year ago. And the impact of that is store managers are now in the position, where they can merchandise our store, we can lean in the top line that more autonomy and autonomy with things like store level markdowns and we're becoming more efficient.

So when you talk about people, it's exciting not only to look at the growth, but also what it means for the individuals on our team and distribution centers, and stores, and fulfillment centers. And when you look across the United States over the last five years, we've increased the percentage of our full-time associate base to 68%, and we've increased the average hourly wage about 30%, so over $17.50 per hour.

We promoted an average of 195,000 associate each of those years, and we've achieved an enrollment and live better university of 100,000 people, which is really exciting. And I'm excited about the tools, the digital tools, the way of working. Apps like me at Walmart and 1 million handheld devices that we've distributed to our associates has helped them migrate, so much of the work they used to do in the back room with paper and sitting at terminals out to the sales floor, where the real value is at in those are things like setting modulars, working at side counters, working inventory management, it's all in their hand.

And then later today, when you're in the store, we will show you a program called this pick that uses computer vision, and augmented reality to help associates map their inventory, track their inventory, work your inventory exceptions. One of the tools, we've talked about to you a couple times called out Sam, which allows searches has to get questions answered on the floor on a range of topics. We've had over 2.3 billion questions answered by a CM just in the last couple of years. So really great uptake and over 80% of our team are now clocking in on their handheld device, when they come to work.

So, the third priority I want to talk about, which we've covered the last day or so is the next generation supply chain the network. And as we talked about yesterday, we are now able to fulfill customer needs with a flexible omni-channel network that's connected and enabled by data and automation. It's a huge step change for us, and I know you've heard the threat of data the last couple days and it's really a big enabler like.

For years, we've been serving customers with three separate networks. These supply chains that were great at what they did operating all in parallel. We now have one network and it's a allowed us to consolidate inventory much earlier in the supply chain and deconsolidate as late as possible many times that's at the customer's home.

And a key part of the strategy is automation you saw that yesterday. And if you ask us why automate the answer is, it helps our customers, it helps our associates and it helps our business. Automation helps our customers with better accuracy, availability and speed. Automation helps our associates it results in less manual labor. And over time we've said, we will believe that we all have the same number of associates possibly even more, but will have a larger business. And there will be new roles that are emerge that are more technical better designed to serve customers and they'll pay more.

And then finally automation helps our business, it increases productivity and it reinforces everyday low cost. And the key nodes in this network are the store network they are the stores and for years, we've said and you heard it again today, that we have inventory positioned within 10 miles of 90% of the U.S. population. And that's important, because we know customers want speed, and we also know that the last mile cost more than the middle mile and the little the middle mile is more costly than the first mile.

So having 4,700 points of distribution shortens the last mile lowers delivery time and it lowers cost. So we're becoming more competitive on picking and fulfilling and stores, delivery some stores are growing. The FCs are creating more density. We're delivering more doorsteps garages and as I said many times at or into the customers home.

So in the future all of that will become more automated driven by data and software. And one great example, this is the market fulfillment center, which is a fulfillment center that's attached to a store location. We have a few of those in place now we have more on the way. And once we have our software integrated with the solution repurchase, the hardware solution will put even more on the ground.

So in several stores, we've already created the space for the market fulfillment center either using existing space or adding on to the store. And until we have the automation in place, we've decided that we'd set up a bridge solution, which we call a manual FC, MFC. And this is where the associates do all the picking, but it's in a special place away from the sales for. So we've got one of these in Grapevine, Texas and I've been there, I think three or four times now, where we've added this, but it's exciting to see what what's happened there. So take a look at the video and I'll tell you a bit more about it.

(Audio-Video Presentation)

That's store, I'd be heard of the video. It's fulfilling almost three times the online orders of an average store and a 99% fill rate is outstanding. It's really great to see the innovation, and you heard also the traffic on the weekend. So shifting a lot of the work from the sales floor the MFC It just improves accuracy and speed but it gives more room back to in store shoppers on the weekend. So this will be even better, when we get the automation in place. And again, if you come to see us in June you'll see some of that. As a result of this, though, we did create a new lead called the MFC lead and Lynn, who saw in the video. We got to promote her in front of all of her peers, all 7,000 of those just a few weeks ago to the first-ever MFC lead. So, really exciting for her, really setting for people.

So I'm going to stop there and I want to bring up the two members of the Indian team to share a bit more. First Mohan Akella, Mohan leads a team called the Centroid, which focuses on supply chain strategy, and automation and then Pratibha come on up -- Pratibha Rajashekhar, she leads our automation team.

Welcome. Thanks for coming.

Mohan Akella

Thank you.

John Furner {BIO 19351533 <GO>}

So Mohan, maybe start with you. We'll talk about a few things here this morning. But, we've said throughout the last couple days that data and technology are the things that tie this work together. And you've been talking about this vision of what you wanted to do for several years, and now it's all come together, so let's hear about it.

Mohan Akella

Absolutely. So, we are very excited about leveraging data and technology and software and how it's accelerating our supply chain both digitally and physically. We are rethinking our data architecture, we are rewriting the algorithms inside of planning and execution engines with an omni-channel customer in mind and a connected and flexible network.

Now, that means better product availability and reduce costs for our customers. The smart engines that we are creating can orchestrate the flow of product from suppliers, anywhere in the world to the store shelves and to customers homes. The impact of high productivity availability and reduce costs for our customers is immense.

The foundational piece of this transformation is our ability to anticipate customer demand. Our forecasting engines are looking at customer demand at a finer grain than ever before across all demand types it's grocery, ambient, in-home, go local et cetera. In the picture here, you will see half-mile hexagons, which we call pixels, which is the level at which we are predicting customer demand across all channels. Our forecasting engines will also have the capability to continuously update as they receive better signals from our stores, from our associates, from our customers as well.

And then a dynamic inventory, placement and replenishment engines will then use this is forecast to deploy millions of items in the right quantity at the right location across our stores, our fulfillment centers and our distribution centers, to support this demand and maximize product availability. John here again in data and technology play a very critical role in evaluating billions of trade-offs to ensure inventories optimally placed and ensure that our customers always have access to items at a great price and convenience. We then leverage our suite of last mile engines to design customized service areas in towns and cities across the U.S. with the right fulfillment and delivery capabilities to reach more customers, while reducing the cost per delivery.

The picture here shows three stores in the Dallas market and their service areas, you will see that they are a combination of pixels. You also see that this service areas stores are not just uniform circles, but that was our traditional approach. Now, we use digital simulation tools to assign the right pixel to a store to fully service the customer demand, while balancing capacity and costs.

Finally, our routing engines are focused on designing smart routes that can combine multiple order types. Grocery, ambient, in-home, go local, and even e-commerce packages coming from a fulfillment centers in the same trip to build density and further reduce our cost to serve. John is you can see we are taking a customer centric approach to designing our supply chain and providing better omni-channel experience. How we deploy inventory? How we better understand customer demand? And how we design and deliver through a last mile with the ultimate goal of helping a customers save money and live better.

John Furner {BIO 19351533 <GO>}

And these optimization models can be used for supply chain, so we talked about flexible and being dynamic, these models enable that they also work for other things, like advertising and understand where demand can come from the signal. So it's really great work, and great to see this come together pretty, but you're relatively new in this role. But we want the company long time including the relaunch of members market Sam's which is fantastic. The automation is an enabler of all this and the way that we are using the understanding demand, optimizing, and then deciding where to deploy comes to life through automation, so tell us about that.

Prathibha Rajashekhar

Yeah. John like you said, I have the responsibility for leading the innovation and automation team for Walmart U.S. which means my team is responsible for designing, developing, and deploying automation across our network. But when we think about automation, we don't use automation for the sake of automating. We are being very intentional in why, where, and how we deploy automation. Yesterday, you all saw an example of automation that we are deploying in our ambient distribution centers. We are a number of you asked me about other types of automation, and I will show you a few examples today.

So first, let's start with an automated fulfillment center like this one that just opened recently in Joliet Illinois. These automated FCs are setting an entirely new precedent for the speed of fulfillment. The massive automated storage and retrieval system that you see here is designed to hold tens of millions of SKUs, which is double the storage capacity compared to a traditional FC. What I'm most proud of is when customers orders are ready to be fulfilled, our associates no longer have to work long distances, instead they stand at an ergonomically designed workstation that is designed for their comfort and products come to them.

By designing automation with our people in mind, we've surpassed our associate net promoter score in these facilities. Actually, customers also feel that benefit. Because these new FCs can double the number of orders, we are able to fulfill in a day, which means package has arrived at customers doorstep faster than ever before.

Now, let's take another look at the automated perishable distribution center. These state-of-the-art DCs are just remarkable. Their primary purpose is first, to receive perishable merchandise from our suppliers. Second, store the cases and pallets of merchandise in an automated storage system that is nearly 80 feet tall. And third, retrieve them, when a store order is ready to be assembled.

One of my favorite parts of this process is watching, how our algorithms go to work to assemble cases and create this perfect pallet. The speed and efficiency of this operation results in us being able to fulfill more than 2x more product compared to a traditional perishable distribution center. And our associates love working here, because we are evolving their most physically demanding jobs in the traditional, sorry, traditional DCs, which is our case order fillers into tech-powered jobs, like operators and technicians.

Third, John, as you mentioned, we are also going to add automated market fulfillment centers to stores, which will increase our digital capacity. Automated MFCs, our fulfillment centers that are built in the back room of a store. There are a few unique things about the way our MFC solution is engineered like the proprietary design of the system. Here the bots are the only moving part of the entire operation, which makes it a more capitally efficient solution. They navigate a dense storage system that holds tens of thousands of items in totes and the inventory is separate from the store inventory.

Why is this important, you may ask, because it reduces substitutions and last-minute out of stocks for our customers. When customers place their pickup and delivery orders, the totes are retrieved from the storage system and then brought to an associate to assemble the digital orders at work stations. Adding both manual and automated MFCs is only going to get us to expand our digital capacity as we continue to lean on our stores as forward-deployed fulfillment centers. They are really going to help us deliver the perfect order that delights our customers every single time.

So as you can see, we are not taking a one-size-fits-all approach, when it comes to automation. We are looking at our facilities and designing unique solutions that match the needs of our customers, our associates, and the business. And John, what I'm really excited about and encouraged by is that we are doing this with the best engineering and tech talent, who are customizing our hardware and software combinations, and tailoring the solutions to best meet our omni-channel operations, and make sure that we are creating a competitive advantage.

John Furner {BIO 19351533 <GO>}

It's great. Thanks to both of you for coming up. Thanks a lot.

Prathibha Rajashekhar

Thanks for having me.

John Furner {BIO 19351533 <GO>}

So, you can hear and see what we said earlier that we're creating a flexible omni-channel network that is enabled by data and technology all throughout. So, I'll just conclude by showing the same -- showing you the same priorities that you saw yesterday, growth, margin, returns. We're investing in growth and merchandising, e-commerce, and supply chain. And our mix is changing with retail, John David, and our newer businesses, we talked about like Walmart Connect and data, and the investments in supply chain will enable stronger returns.

So Steph, I'll call you back up, and we'll move on to next section. Thank you very much.

Questions And Answers

A - Stephanie Wissink {BIO 17692025 <GO>}

(Question And Answer)

And we're going to begin our Q&A. We've got three mics, one for each section in the room. I'm going to call the executive panel up. (Operator Instructions) Great. Let's start with you.

Q - Greg Melich {BIO 1507344 <GO>}

All right. Thanks. Greg Melich with Evercore ISI. I have two questions. First, thanks for the update on the history but then also going forward the 4%. What inflation number do you assume in the top line and that 4% as you're thinking out for the next few years? And then my follow-up was on competition.

A - Unidentified Speaker

Could you give us your inflation number first, Greg, so we know.

Q - Greg Melich {BIO 1507344 <GO>}

It was at 3% this year.

A - Unidentified Speaker

3%.

Q - Greg Melich {BIO 1507344 <GO>}

By the end of the year.

A - Unidentified Speaker

How is that compared to what you're thinking?

Pretty close. We're -- Greg, we're assuming that this year is going to be somewhat anomalous, still feeling the effects of higher prices last year. But hopefully, as we get to next year and then certainly beyond that, we get to a more normalized inflationary environment, not just inflationary but overall economic growth as well.

One of the reasons why we issued guidance in the way we did is because there's volatility in that number, of course, by category, by country, by timing. So, the team went through this year more than we would do in a typical year and looked at by category, by month, what are we up against? What do we think it's going to look like this year? We know we'll be wrong, but we think we're directionally in the right space. And we'll have to tell you after it's over with how it all worked out.

Q - Greg Melich {BIO 1507344 <GO>}

I guess the follow-up is on, as we went through COVID, Amazon bill looks like a couple 100 million square feet of fulfillment center capacity and their margins got crushed as they went through that. Now that they're focused on getting those margins back, how do you view Amazon with roughly the same GMV as you now competitively as you really look to focus on to EDLC and driving incremental returns over the next few years?

A - Unidentified Speaker

Yes. We learned from Sam Walton to pay attention to what competitors are doing well. And certainly, Amazon has done a lot of different things well as have our other key competitors, but most of our focus is on what we can control, our customers and how we get better. So as you could hear yesterday and today, we're working on what does that customer and member experience look like in store, in club, for pickup, for delivery? And how do we just keep getting better at what we're doing?

And it's a full-time job figuring out how to put all the pieces that we have together in a way that delivered that customer member experience and also improve economics as we go. And it required us to put data together, put software together, work differently to maximize that. So that's where our focus is.

Q - Kate McShane {BIO 7542899 <GO>}

Hi. Kate McShane, Goldman Sachs. Thanks for the meeting today. I wanted to ask about the upside John David that you had mentioned from the operating income dollar growth. I think you said it could be 2x versus what you outlined today. First of all, do I have that right? And second, what accelerates reflexes to get to that high-end level?

A - John David Rainey {BIO 17599063 <GO>}

Yes. Well, let me start with what we don't control, and that's the economy. Certainly, we don't envision that the economy that we're in today is going to be something that persists for the three to five year planning horizon that we have. So, assuming we get back to more normalized growth, I think that underpins this forecast, but you appreciate, with any set of initiatives that a company has, there's a range of outcomes that can happen that depend upon how customers respond to that, how well we execute as a team. And so when you look at the various initiatives and they're all different. The upside represents us doing at the higher end of that range and then the lower end of that is more in line with what we talked about in terms of the just outgrowing sales at 4%.

A - Unidentified Speaker

It's truly been a unique set of years when you look back to 2020, 2021 with the pandemic emphasis and then what happened with inflation in this year that we just finished. And so, when I look at what occurred, the four and greater than four objective, it still feels like it was a reasonable thing to put in place. It still feels reasonable today. And I think some of you get really focused on the relationship of those two numbers.

So, we kind of joked around the six and three number for the last five years. And could we -- if we could choose, would we have changed that to five and 5.5? Or none of us want to give up on growth. We want growth in units and dollars to be as much as possible as we serve customers and members better. But we recognize that, that operating income percentage does need to find its way to a higher level. We just don't want to do that at the sake of raising prices or anything that's detrimental to the business in the short or long-term.

So I think the key is, how do we put the productivity enhancements in place? And how do we change the actual business model with these other income streams that are very complementary to make that a sustainable change. And the pace at which we do that is the key. And there's a lot to execute.

And we showed you yesterday, this distribution center and we've shared that we've been working on it for six years. Executing that is not easy. The work on data software and the physical aspects, not easy. And it's not like we just snap our fingers and open the second center, the third center, and the fourth center, or it's plug-and-play. It's work.

So there's an execution aspect of what we've got to get done over the next few years that will reveal that outcome. We're confident in our plan and our ability to do it, but there are a lot of moving parts to actually deliver it. So it's a little hard to call the timing. I think we'll have to earn it as we go and update you quarter-to-quarter.

A - Stephanie Wissink {BIO 17692025 <GO>}

We're distributing the questions by section. So let's go to Michael next.

Q - Michael Kessler {BIO 20335943 <GO>}

Hey, guys. This is Michael Kessler from Morgan Stanley, asking on behalf of Mike Dough[ph] and Simeon Gutman. Thank you, guys. So first, maybe to follow up on operating margin expansion, balancing that with growing EBIT dollars. That's a big debate among many retailers. How do you think about that balance? And the fact that you expect margin expansion, I guess, does that mean that you don't see as many opportunities to reinvest to grow the dollars? Or it's about the balancing act there?

A - Unidentified Speaker

Yes. Well, with the first part of your question, we actually look at a suite of metrics, and that's why we frame this in the way that we did where it's not just growth, it's expanding margins and higher return on investment. And so, the -- to the extent that we get stronger sales growth, we're going to see the EBIT dollars follow that margin expansion as well. So it's kind of how we think about that.

In terms of some of the investments that we made, like, I think, it's important to understand that a lot of these things are in place today to where we'll be allowed to actually grow at a much more attractive incremental margin, lower unit cost in terms of what, IBO retro service and are realizing a lot of the fixed cost leverage that we have in the business. We'll continue to see that going forward. And as we scale some of the investments that we've made in supply chain automation and even some of the technology investments, we'll see that improved more as we go through our planning horizon. But a lot of that is in place today to help us realize those more attractive incremental margins.

Q - Michael Kessler {BIO 20335943 <GO>}

Great. And John, one quick follow-up on e-com profitability you mentioned getting the next few years. Can you just contextualize a little bit how much -- how close we are today to that versus how much progress you've made in the last few years? And any gating factors as far as why you may not get there as fast as you think?

A - Unidentified Speaker

Sure. Let me take that. First, important to recognize that scale matters in each one of these operations, whether its e-commerce as a channel to standalone through fulfillment centers or the e-commerce business that moves through stores. And so, with John David said that's very important is, contributed profit rates are improving and the mix of business is improving at the same time and we really look at those in parallel.

So, contributed profit rates, which would be, what you sell a product for, the cost of it, labor, marketing, other variable costs that are attached to it. As that becomes positive and grows, then you can see the path to being able to leverage your fixed cost to point of break-even and profitability. The second piece of it, which is second for a reason, because these should be additive to customer experiences, are the businesses that result -- they exists because of the result of the growing e-commerce business which is the advertising business data and other services that are margin accretive.

So the two of those put together, both in parallel or improving, and we can see the path to profitability, but we do those in parallel. So each week has -- at our trade meeting, I have a trade meeting, and we go through the economics, unit economics of what customers buy, how we fill it, and the P&L associated with it. And then separately, ensuring that we have additive customer experiences, we work on these other businesses that are ready for mix.

Q - Christopher Horvers {BIO 7499419 <GO>}

Thank you. Chris Horvers with J.P. Morgan. So my first question is gross margin versus SG&A. The old productivity and loop was invested in price, suppress gross margin, leverage OpEx, flat operating margin. A lot of what you're talking about is are good factors for the gross margin. So if you're okay with where price comps are in the market, why couldn't gross margin expand over time?

A - Unidentified Speaker

We actually expect for it to increase. I noted that in my comments, but it's improving because of the change in the business mix of our company as these areas that John just referred to, things like fulfillment services, marketplace, all these other areas that are higher margin, advertise as an example. As those contribute more, we'll see gross margin go up. It's not going to go up, as Doug mentioned, because we're going to raise prices over time. That's not the method to do that.

At the same point in time, as I noted in my slides, we see an opportunity for SG&A leverage as a lot of these fixed investments or these fixed costs are in place that allow us to grow without continuing to add this overhead or additional expenses around that, the unit metrics around this are much more attractive than they were a few years ago.

Q - Christopher Horvers {BIO 7499419 <GO>}

Then as a follow-up, can you talk about what you're seeing from the US consumer side, there's been some news about the low-end may be seeing some more pressure, snap headwinds. Obviously, you've seen trade down into the Walmart US from the income consumer. So, how do you think about the consumer today and what are you hearing in your surveys? Thank you.

A - Unidentified Speaker

Yes. Similar to what we've talked about the last couple quarters, certainly, appreciative of the number of customers who have traded into the brand. We welcome those customers. And a lot of growth is happening with the pickup and delivery business from stores in addition other channels. So, -- and I'm confident and excited about our ability to retain customers that we've been growing because of the options and flexibility we offer.

Like we've talked about last couple of quarters, there has been some trade between brand and private brands. There have been trading down, trading over within protein categories and other things, and mix remains a concern on the business side for us. It's on the customer side, of course, we're completely focused on customers -- serving customers flexibly any way they want to be served and we would always take strength over weakness in the economy. But we're positioned well and we have a food business that's profitable and growing, and we'll manage mix carefully as we move throughout the year.

Q - Krisztina Katai {BIO 20842326 <GO>}

Hi. Krisztina Katai from Deutsche Bank. Just wanted to touch on what you talked about earlier in terms of the new revenue streams as part of the longer-term opportunity for Walmart. Can you expand on that a little bit? I think there was a slide that said $3 billion in contribution, including membership since FY '20. Where can these realistically grow? And to what degree do they play into the 4% top-line growth and to improving the longer-term ROIC? Thank you.

A - Unidentified Speaker

You want me to take that? So, yes, you can tell from that slide that, that's obviously a fast-growing, but a much more significant part of our business today. And fundamentally, that's sort of underlines this thesis around the business mix change. You've got these smaller parts of our business that are higher margin but growing at a much faster rate. And so, the simple math is that, that suggests that our margin should go up.

We think there's significant opportunity and a lot of this, but it's sort of two-fold. One is the apples-to-apples comparison of the transaction where the pure unit economics are more attractive somewhat because of like what you saw yesterday and the investment in our supply chain. We're able to do this at more attractive rates.

But at the same point in time, there's a growth opportunity there. And things like delivering to customers as you have more growth in your network, you're delivering more packages to a colder stake, you've got density and there are improvements in the economics around that. We think that the value proposition to customers is very compelling and we're leaning into the areas following what we hear from customers. And so we think there's a big opportunity there.

And this, to John's point, sort of it's an ecosystem of value drivers. The more sellers we have on the marketplace, the more assortment that we have, the more eyeballs that are coming to our marketplace, more eyeballs coming to our marketplace, more advertisers want to spend dollars, all of this works together. And we think that we've got a strong foundation to help grow this.

A - Stephanie Wissink {BIO 17692025 <GO>}

Let's go to Paul right next to you, Kri.

Q - Paul Lejuez {BIO 6299659 <GO>}

Thanks. Paul Lejuez with Citi Group. It's been a unique period of inflation for everybody, for the industry. I'm curious, what you guys have learned about your consumer about your competitive landscape, your competitors, how they behaved during this period? And how that might influence your future decisions about how to price goods as we maybe see disinflation eventually perhaps deflation? And then just secondly, you gave a gross margin GMV for the international business goal, I think it was a five year goal, I believe that $200 billion. Anything that you can share in terms of the detail of what your US GMV goal is over that same period? Thanks.

A - Unidentified Speaker

Yes. Why don't we take the inflation question first? John, you and Kath and others, and Judith can jump in here. What goes through my mind is the business is uniquely diversified in an important way. We can protect opening price points and help serve customers that need us most. And I think that showed up big time on the Thanksgiving basket where we held prices that resonated, people needed it, they wanted it, they appreciated it.

And as higher income customers come to us whether that's in Walmart or Sams Club, our opportunity to do good, better and best merchandising is a fantastic opportunity. We can put fashion apparel out under the Scoop brand or the free assembly brand and it -- everybody, the response to that in those income levels. I think the apparel business in Sam's Club that Kath told you about is another example. So, one thing I love about this business is how flexible it is.

You can be a merchant with opening price points, you can be a merchant with better goods, you can do that in stores, you can do that in clubs, you can do that online. And so, we're portfolio managers. Portfolio managers as it relates to the merchandise assortment portfolio managers, as it relates to the channel, et cetera. And so, what I've seen our team do and what I'm seeing them do now is to learn how to do good, better, best merchandising even more effectively.

And I think that unlocks an opportunity for us from an e-commerce point of view, that is significant and the in-store in-club experience needs to cause people to realize they can go to walmart.com or samsclub.com and find just about anything they're looking for, nicer brands, nicer product, without us walking away from the foundational opening price point business, which is so important to us.

Yes. And the everyday low-price philosophy we've talked about a lot for a long time. And I agree with your statement in your question that this has been a pretty unique period. And I would include probably the last three and a half years in that period. And we decided in 2020 that we were going to stick to our philosophy. And we're going to continue to price as low as we possibly could for the customer.

And because we weren't high-low, there wasn't a large decision, whether we in promotions or continue the promotional environment we're in. So we want to be the lowest price in a trusted way on a basket of goods over time. And we did that through the three years. We took a long view of customer value and earning customer trust because of pricing. And while we said, and two ways to describe it, comfortable, proud of the price gaps we have, we will always put those at the top of the list as things to solve for, because if we don't serve customers well, then all the investments and all the other initiatives in the background.

What really matters long-term? We have to be great at serving customers and earning their trust each and every day on a basket of goods from the digital app, all the way to a physical store, where someone is shopping. You've got to be great for them all the time there. So, I think this long-term but consistency, really matters. I don't know if you want to add anything, Kath?

A - Kathryn McLay {BIO 20989984 <GO>}

I think people are just highly attuned to value. So, we've been looking at what are those national brands that are willing to partner with us to go after unit growth. And where they don't want to play, where do we use our private brand to be able to play that role.

But I think people are attracted to where they can get value in the marketplace. I keep thinking back to, do you remember we had a quarter we were just almost on the line of making the double-digit comp? And our protein merchant was out in the market and look at this great deal on crab legs. And so, we offered all the value to the member and the sales on that one item was enough to be able to push us across the line to get double-digit comps that quarter.

And it shows the power of value that people are going after and the power of an item. And if you can show that value to the member then, I think they can see the value in the warehouse model and they can see the value in being able to get a great quality item at a disruptive price.

A - Unidentified Speaker

Good for everybody, but the crabs. So I want crab legs.

You also asked about the (inaudible), just real quickly. There are a couple cross currents in the quarter for us. You mentioned Snap. And so, that's a net negative for us. But I think it's important to note that a lot of that is recaptured through under other tender types. Offsetting that someone is, you've got an increase in social security benefits with cost-of-living adjustment, which is a benefit to us.

And then taxes also represents something that has an impact in the quarter. Earlier in the quarter, we were seeing taxes or tax refunds higher year-over-year. During the last probably five or six weeks, we've seen that decline. I think net through the quarter, it's actually down year-over-year. So, those are some cross-currents that have affected our business. But when you take all of that together, it's the quarter still shaping up as we expected.

And as it relates to US GMV or enterprise GMV, we debate from time to time whether that's a metric we should share and when we should share it. I don't think we've got an update on that now, but it's on our mind.

Q - Scott Mushkin {BIO 7138867 <GO>}

Hi. Thanks. Scott Mushkin with R5 Capital. I want to push back a little bit or kind of poke it a little bit at the US growth rate that you guys are projecting. It seems like it would be down below the 4% for the enterprise given the growth rates at the other divisions. So, when we look at it, we look at nominal growth in the US pre-pandemic. It would be suggestive that you could do better than that, especially with what we've been seeing here today and what we've been researching. So why not set the bar a little bit higher?

A - Unidentified Speaker

Yes. John.

A - John David Rainey {BIO 17599063 <GO>}

Yes. He's asking if we've got sand in our numbers, which is a question that I asked from time to time. So I'm getting pressure on my face. (inaudible) Thank you, Scott. Certainly excited about all the opportunities and prospects we've said over the last couple days and growth in traffic units, both the things we're focused on. And then this growth of new customers is exciting.

For the first quarter, we have guidance, we're going to stay with that today, because there is certainty as we talked about for -- and from a number of factors. But what excites me going forward are the homepage, seeing the team really merchandising our presence, online is fantastic. I had a chance to walk on the flagship stores together before we started to expand it. We're really excited about, not only the customer presentation, but the brands and the way they came together, the early results are good.

And you know me, so I'm a merchant and I'm focused on the top-line and items and prices and brands, and we start every day with growth. And long-term, growth over time leads to the bill -- our ability to leverage all the infrastructure and costs and other things. Robbie, three-plus years ago, you asked me a question about pick up and when we have a capacity that we'd hit soon and the team has just done an amazing job at finding new ways to expand capacity, grow pick-up, you saw the manual MFC, CMFC.

So, each was exciting week. Every time we innovate, we open up more space for more innovation. The forklift you saw yesterday wasn't even an idea until we opened up innovation, we had space. So we'll continue, Scott, pressing forward. Doug, I know my expectation whatever I say should be higher. And we'll keep pushing it ahead.

A - Doug McMillon {BIO 3063017 <GO>}

You didn't do any better than I did.

A - John David Rainey {BIO 17599063 <GO>}

Yes.

Q - Scott Mushkin {BIO 7138867 <GO>}

So my follow-up is on price. You guys, again, gaining a lot of market share, a lot of initiatives to gain efficiencies. How do you balance going after market share vis-a-vis profits maybe?

A - Unidentified Speaker

Yes. It's always a balance. There's always the balance of top-line and what we see from customers and that's where we start every week on Monday. We start talking about the customer experience. We start with MPS, and we work our way down to how the financials of the business are working. So it's always about customers and top-line, one. Second, the price gap, we'll never take for granted. The markets dynamic, it's always going to continue to move and over 60 years. And for the next 50, 60, 70, 100, whatever we can do, we're going to ensure that those gaps are in place.

Second, we think about our associates. We want to give our associates the best possible tools we can to be able to make them more productive and extend their careers. And there was an associate named Allen in the facility yesterday, who was about 25 years in loading and unloading trucks. He was thinking of resigning, and he's now become a robot tech. He's a bot tech. He's changing batteries and wheels and chips, and he's telling us, he's got another 20 years to go. So that balance is important.

And then the third, of course, are the returns. And we've got to deliver returns and grow top-line and the bottom line faster than that, John David as we said, over time. So it's always a balance of three, but we would always start with what's the customer value and ensuring that we are serving customers and delivering the way that we should.

When I think about market share, price is just one of the levers to grow market share. And it's not the one that I would focus on in this moment for us first, because of where we're already positioned. It's more about apparel product quality, being on time as it relates to fashion and in-store presentation. It's growing the first and third-party assortment, especially the third-party assortment online. It's executing a pickup order and delivery order perfectly. That's the way to grow share and earn share, and price is a component of it.

But those other things are what's going to drive sustainable share growth for us. And it's just been a difficult three years, with the pandemic and the out of stocks. And then what happened last year and with all the other changes internally, I think we've just got opportunities to improve as it relates to being great merchants and executing those things. And that's where I expect share growth to come from. And I think it's a similar story beyond just Walmart US.

A - Stephanie Wissink {BIO 17692025 <GO>}

Let's go to Chuck and then we'll move the mic to the second row.

Q - Chuck Grom {BIO 3937478 <GO>}

All right. Thanks very much. Chuck Grom from the Gordon Haskett. Great presentation and great to see you guys. A question for John just on the remodel programs. Wondering if you could expand on the pace of the number of remodels you think you can do, the lift you might expect to see? And then for Kath on Sams Club. Personalization, you're really pioneering on that front. Can you speak to the upside there?

A - John Furner {BIO 19351533 <GO>}

Yes. Sure. So, first part of the question, we're really excited about what we call the flagship remodel. We launched the first in Elm Springs, Arkansas just over a year and a half ago. And early results are fantastic. It's one store. So we wanted to get that out and see what happen. A number of those have been implemented in the New York, New Jersey area. We have others all across the country.

And probably the number is around 300 in the year we're in of that prototype. So, a lot of comps that has come together and the process leading to it, the innovations that you see in the store, many of those happened in different parts of the country. And when we saw that those were working, then we brought them to the single store to see how they all work together and the results were very encouraging from not only NPS, but we would all at 5-Star ratings, what customers say about the store and then the financial results.

That led to the decision to an expansion, about 25 of which are in the Northeast and then around 300 this year. The remodel program in total is larger than that. So we'll roughly in this year on a pace of touching all stores, so within about seven years, the 300 will make it to the program that you saw. So we'll have more to talk about results later as we get more on the street.

A - Kathryn McLay {BIO 20989984 <GO>}

On personalization, I would say there's three areas that we work on, and we've got more maturity in the first part. The first part is looking at personalization and membership -- a member's journey. And so, if I know that a member is with us as a club member, but they're not Plus or they're not on auto-renew or they don't use Scan & Go, then we incentivize them along that journey until we get them to be a Plus member, who's using Scan & Go and on order renew and that use a credit card, because that is the most loyal and stickiest relationship we can have with them.

We've got quite a mature model as we go through that and different techniques of being able to engage different cohorts that are in different maturity through that model. The second area that we look at is personalization from a, what we call a persona or a cohort. So I have this group of members that all enjoy shopping in fresh, but these group that I like them, but they don't in produce specifically.

And so, how do we incentivize them? Whether it's just through prompts, whether it's through telling them inside information, our least preference is to give them it's like financial incentives, but that's also available to us. We've got the personas build out to look at kind of how do we start to behave people -- have people behave with us in a more stickier cross-category relationship. So it's a second area.

And the third area is, just how do we personalize the look and feel of the website for each individual member based on what their shopping purchase history has looked like? So, I would say, there is a lot of upside into it, two and three, that we haven't explored yet. I think we feel good about where we are in one, but two and three specifically have value for us in our digital ads business and our relationship with our suppliers. While we build out the tech, we haven't necessarily got to maturity in the ways of working. So, for me, that's like some unexplored upside for us that we haven't really kind of really got to maturity.

A - Stephanie Wissink {BIO 17692025 <GO>}

Kelly, let's go to you next, then you can pass the mic across the aisle.

Q - Kelly Bania {BIO 16685675 <GO>}

Okay. Thanks. Kelly Bania from BMO Capital. I just wanted to go back to CapEx and make sure I understand the message clearly and how that looks over the next few years in light of the automation rollout. And if there's any change at all into your outlook for growing free cash flow dollars.

A - John David Rainey {BIO 17599063 <GO>}

Sure. I'll just note, I think we're nine questions in before we got a CapEx question. So I would have missed the over-under on that, Kelly. So, a couple things to note about CapEx. One is, as I talked about earlier, we were very return focused. We want our ROI to go up every year. And importantly, a lot of the CapEx that we're spending on these projects, like you witnessed yesterday, we've got experience with them, we actually know what some of the returns are.

So in that sense, this is kind of analogous to two decades ago when we had the supercenter that was a proven model with known returns, and then we scaled that out. That's kind of what we're doing right now with supply chain. The other thing I'll note, which I think is important is that, it's actually pretty remarkable and unique to be a 60-year-old company and have this kind of organic investment opportunity that can drive these types of improved returns.

That's why I said, capital for us is a competitive advantage. There's not a lot of companies that can go do what we're doing. And so as you look at CapEx over the planning horizon, we expect it to be at this level for the next few years. But importantly, whether it's higher than that or less than that, we're very focused on making ROI as an enterprise go up each year.

Q - Kelly Bania {BIO 16685675 <GO>}

Thank you. Can I ask one more on high-margin initiatives? With respect to advertising, what's really different about Walmart's advertising business? What differentiates it? Or is it 3P and those 400 million sellers? Is it the size of your grocery business and the leverage there? Just what really stands out versus peers?

A - Unidentified Speaker

It's really a combination of all three. The food business is extremely interesting for customers and suppliers and the e-commerce business is also interesting for suppliers and sellers. And then something Kath said, which congrats the Sams team for their performance us being ahead is the ability to close the loop from advertisements that have been viewed by a customer in closing the loop, not only online, but to an in-store purchase.

So the more of -- in our case, the more members become digital and we are able to communicate with them in two ways, then the greater ability to close the loop like that for advertisers. And Sams, of course, has the wonderful advantage of having membership numbers attached to every transaction, every member. So, I think that's really the path. And then, at Walmart, it's the same, plus then the marketplace opportunity.

Q - Bob S. Drbul {BIO 3131258 <GO>}

Hi. It's Bob Drbul from Guggenheim Securities. I was wondering if we could talk a little more about Walmart+ just in terms of any metrics you might be ready to share with us, Doug. And just attraction there, any of the involvement in terms of the overall business? And then, the second question just on last mile, with a lot of the supply chain initiatives, there's a lot of talk moving it closer and closer. Can you talk a lot -- talk more about last-mile delivery costs and what you're seeing driver availability and just profitability with that piece of the business?

A - John Furner {BIO 19351533 <GO>}

Yes. I'm John. Before you comment on Walmart+, I think, Bob, I would just remind everybody that everything you asked about, applies, I think, Judith, to Mexico, maybe India and other places. This business model that's changing that includes these components, stores and clubs, plus all the e-com stuff, plus advertising, plus last-mile, all of that is happening everywhere.

So, one of the things that we think about when we release our quarterly results, for example, is, how was it best to communicate to you all about what's happening in the segments and what's happening across. And in my experience, we're closer to being a true global enterprise with synergies across than we've ever been. We grew with international acquisitions, picked up different brand names, picked up in some cases different formats, different systems, and the work that's happened as of late is causing us to be able to work across and get leverage and speed in a different way than we used to.

So, I just want to tune your ears as we have future conversations when you ask about an ad business, what goes through my mind is the world not just Walmart US, or membership, which is playing a role in international markets too. I think these components are going to obviously play out everywhere.

And Walmart+?

A - Unidentified Speaker

Yes. It's an important part of the overall offer. We've said that and we'll just reiterate that. And some of the things that are really exciting. Number 1 is the amount of times a member spends with us and then the annual spend is significantly higher than other channels. Consistent growth in the numbers since we launched in October '20.

What we moved to most recently that I think is really helpful and also very challenging for the team is measuring what we refer to a couple times a day, which is called perfect orders. And perfect orders mean no substitutions, exactly what the customer ordered and on time, not early, not late, but on time. And during the pandemic, many of the things that we did, we launched delivery to get people what they needed as soon as we could. In some cases, that was early. And that actually is a hindrance to NPS which I'll talk about. And as the last few weeks, we're seeing the highest NPS levels, with Walmart+ members that we've seen.

So what we've really been focused on is trying to be the best we possibly can for members. We've always said, for the entire organization, we want to be the best, not the biggest. The best can lead you there. So we're focused on the best and serving members, how that all relates than to the last-mile, the last-mile delivery is a large percentage of our deliveries from stores or the Walmart+ members, but that's not the total. And then there are deliveries from fulfillment centers.

And think of this chart we showed yesterday with the three supply chain, the ambient, the perishable, and fulfillment. Being able to bring more of those deliveries together so that they come from a delivery station, which is also a store in a van creates a situation where costs we can see going down pretty dramatically. So your most expensive dealer from store is a single grocery order, a single grocery order with GM comes down, and then home order with grocery and GMO pulled together brings the variable cost down.

So, when John David mentioned driving through a cul-de-sac and having more deliveries, that's really the goal. So building density and frequency of delivery is what bends the marginal cost, which leads back to one of the original questions, e-commerce profitability. That's how it contributed profit rates continue to climb on the operational metric of the e-commerce.

I'm still concerned that, that metric, should we share it? Would punch above its weight whatever the number is. And I don't want that to happen. So, the day one, number we give you for membership across markets. You'll evaluate that upon on how you feel about it. Then the next quarter, you'll ask where it is an exporter you'll ask where it is. And we would rather you focus on comp sales and stores, what's going on with pickup, are we winning with delivery.

This can be a very successful company without membership, except that membership is the best way to play for -- to pay for delivery from a customer point of view. And so, as they become members to pay for that delivery, that opens up opportunities for us to do more. But in the big scheme of the company, it's important and we like the behavior we see from people when they become members, but it just needs to be taken into a context. And that's why we're sensitive to it.

A - Stephanie Wissink {BIO 17692025 <GO>}

Okay. Peter, and then Karen, and then Rupesh.

Q - Peter Benedict {BIO 3350921 <GO>}

Thank you. I'll be quick. So, Peter Benedict with Baird. A question on ROI. So, if we look at the business a decade ago, it was around 17%. I think two years ago, you were around 15%. Last year wasn't great for obvious reasons. This year, you'll probably land somewhere around 14%. So, John David, the question is, how do we think about the next three years to five years, you said you're targeting kind of annualized improvement in ROI. What's a reasonable target as you think about maybe and then stretch goals just trying to kind of put a finer point on that?

A - John David Rainey {BIO 17599063 <GO>}

Instead of giving you a number, Peter, let me tell you more about the trajectory. This year, we'll see a pretty marginal increase. Nothing to really get too excited about, but we do want it to go up. As we look at our five-year plan, there's a more notable increase the following year.

Then again, as a lot of these investments are in place, we talked a little bit yesterday just about the pace of rollout and some of the automation that you saw in our DC, as that has more skill than the last three years, the five-year plan, you see more notable increases. And so, we want to get up to the highest ROI than we've ever had. A lot of that depends upon our ability to execute. It depends upon assumptions around consumers responding to the offering that we have. But we believe that we've got a plan in place that, as I said, can meaningfully improve our ROI over the next few years.

Q - Karen Short {BIO 7215781 <GO>}

Hi. Karen Short, Credit Suisse. Good to see you all. So, I have two questions for you. The first is, as we look at alternative profit and with the context of greater than 4% total operating profit growth, you could envision a scenario, where operating profit x alternative starts with even decline just within like depending on what you think the growth rates are. So, I'm wondering what you would say to that in terms of operating profit x alternative. And then just philosophically, with respect to earnings, obviously, you've given guidance and it's somewhat conservative I suppose for this year, but what is your philosophy on actually flowing through upside or reinvesting?

A - Unidentified Speaker

Do you want to take that?

Yes. Just on the tail end, I think we're more focused on flow through right now than we've been. The slide that John David showed where we've made investments on price wages, e-commerce, and technology. We feel like those investments needed to happen to serve customers well. They had an income statement impact.

I got asked yesterday on the bus, is there a pivot to more of a CapEx investment cycle than an income statement come statement investment cycle? The answer was yes. There's a phase here we're moving into that looks more like capital primarily driven by their remodels and automation. And so I think that's important context to as you think about how do we view flow-through, I look at the operating income percentage of the company and how we've done over the last few years and the choices we made and feel like things are in place now to be able to make that pivot. And so, our mindset has shifted.

And I think that builds to the other part of your question. If you strip out some of these initiatives that we have that are higher margin, higher growth and just, we'll call it core retail, this is why I have the slide at the beginning to show the delta between sales and operating income. We will continue to invest in our associates. We'll continue to invest in price, but that is more business as normal going forward versus what you may argue was a little bit of ketchup historically. And so, we feel like we're in a much better place as we think about our core retail business going forward where margins can keep up with sales.

A - Judith McKenna {BIO 4806787 <GO>}

I want to just say as well on that one. You do need to think about these as being part of what we do. And I think there is a danger of separating it all out because it's completely driven by each part of it and increasingly, in our business, it's becoming harder and harder to figure out which piece flows into which piece of it. So, I just encourage you to think about it in a whole as well because that's the way we look at the business. And as John said, you can't -- without the retail, you wouldn't have these streams, but they actually help bring people to the site because we have great adverts from our sellers who get to show their products as well. So just to think about as you think about what that model looks like.

A - Unidentified Speaker

It's a really good point, Judith. And Karen, we had debates like what we disclose around e-commerce because it's harder and harder to actually bifurcate what is something happening online versus happening in a brick-and-mortar store because those lines are blurring so much. And you're right, Judith, it's an ecosystem. It really is.

They're blurring because they're complementary. And I think we've done a good line as it relates to what we do and what we don't do. You can imagine the debates we have about what businesses are we in, what do we resource, what's the prioritization. But I think we're clear on what the priorities are and what we're doing is all interrelated. And that's a good thing for the customer as well as for the business model.

Q - Rupesh Parikh {BIO 22151706 <GO>}

Good morning. Thanks for taking my question. Rupesh Parikh, Oppenheimer. So two questions. The first on working capital. So, it is going to be lower than it was pre-pandemic. Just want to get a sense if you see any working capital opportunities, whether an inventory turnover or on deleverage. And then second, at Text to Shop talk last week, I know Judith was there as well. A lot of discussions there in AI and ChatGPT. So just want to get a sense of, if you see any new use cases in that area? And how aggressive Walmart is investing in AI rebound?

A - Unidentified Speaker

Maybe I'll take the working capital piece, and then Judith and Suresh probably as well can cover the second part of the question. You're exactly right, Rupesh. When we look internally at our plans for the year and we look at our working capital metrics and really the suite of them, we recognize that compared to what we've done historically, we've got a pretty good opportunity. And it's something that we're very focused on.

We want to be able to use the cash that we have or use our balance sheet as efficiently as possible. And I think a lot of things probably changed for good reason during the pandemic, where maybe certain payment standards were relaxed or whatever. But I think there's an opportunity to bring that more in line with what we've done historically.

A - Suresh Kumar {BIO 21073281 <GO>}

Yes. I'll take the AI stuff. So, lot of excitement about ChatGPT, generative AI. It definitely, presents a pretty significant advance in computing, but we have actually been using ML, including large language models for quite some time within everything that we do. The demand forecasting slide that Mohan put up with those hexagons, that's driven by our own ML models.

Personalization that we have talked about quite a bit, that's all using ML. Substitutions, we actually built our own ML model which actually has been recognized outside in terms of how we serve our customers. So, ML on top of the data that we collect has been an integral part of the digital transformation right from the beginning. Specifically, with respect to large language model, we've actually been using GPT-3.0 which is the open-source version for quite some time to actually drive the text to shop that you saw in the video last time. It's also being used for answering customer questions, Chile uses it. Mexico uses it.

So it's deeply embedded in everything that we do for GPT-4.0 and all the new things that are coming out. Llamas come out. We are actively working, both with OpenAI and with all the open source initiators, with Microsoft, to actually take the latest developments and integrate that into our systems. If it benefits our customers, if it makes our associates more efficient and more productive, and if we can draw better insights about our business, we will use it and we have been doing it right from the beginning and we'll just continue to accelerate that.

A - Unidentified Speaker

You actually got a chance to see some of the AI yesterday in our supply chain. Devagina[ph] was talking about this. But even when the robots are going to retrieve packages, when one slows down, that's not optimal. And we're learning from that constantly, so that we can constantly route those at the same speed. And so that's an example of that in practice that you saw yesterday.

A - Stephanie Wissink {BIO 17692025 <GO>}

We're going to go to Ed, and this might be our last question.

Q - Edward Yruma {BIO 4940857 <GO>}

Hey. Thanks. Ed Yruma from Piper Sandler. You call out the opportunities in India and Mexico, you omitted China. Was kind of curious if there have been any changes to the market and the role of the market longer-term? And then second for Suresh. You talked about addressing the tech deficit. Are there any places that you think Walmart is a leading in tech today or areas you flag to lead? Thanks.

A - Unidentified Speaker

Maybe I'll start with China. There is a limited amount of time to talk about which markets. So, it's about Mexico and India, because there's been a lot of change within those. Our China team and the China market has seen huge amounts of change over the last couple of years. As everybody knows and through the COVID period and then opening up at the beginning of this year was quite dramatic in the change that we saw.

The move that they've had two 50-50 of online and offline with this total store-pick model has probably been the biggest change that we've seen pre-pandemic. That was levels with less than 10% penetration. Like that is a huge shift in a really short period of time. We've continued to see, just like the club channel here that our Sams Clubs are doing well. They appeal to a higher demographic within China. At hypers as well, I think traffic beginning to turn towards them.

I do think the Chinese consumer has been under real pressure, but I think that we're seeing some better signs of consumer confidence improving. And just like in the rest of the world, people are thinking about where do they want to shop. They're going to still shop online. It's still really sticky. However, we are seeing people wanting to come into stores, particularly for occasions. So, Chinese New Year, we saw the build-up to it in Q4 and we're starting to see -- we saw through Q1 real strength in that as well, particularly on more premium products as people wanted to celebrate and open up.

So, still think there is a lot of runway in China. The last couple of years have given our business there a bit of a chance to re-evaluate to really think about what's important for customers and how do we build off the core of it. But we'll continue to open Sams Club and you might see us open the hypermarket there as well, but the online strategy is really important.

A - Suresh Kumar {BIO 21073281 <GO>}

Yes. And in terms of technology, there are many different areas where we are not only doing world-class technology, but I would say that we are very unique. Let's start with the omni, right? So we are the only retailer at scale where we can understand customers, both online-offline. And so we have a lot more insights about what our customers do.

That allows us to be able to better tune our models, to be able to better -- to be able to close the loop in better ways, the whole closing the loop. As far as advertising is concerned, that's industry-leading. Nobody else has -- is doing it the same way that we are able to do. What you saw in supply chain, which is connecting multiple different supply chains together, that requires deep technology. I don't think anybody else has the capability to be able to do that.

We are actually also investing very deep in the technology stack as well. We have got a hybrid cloud that combines sort of the best stuff. Public cloud with our partners, with our own private cloud investments and we are tying it to the edge as well. This is something that's pretty groundbreaking, nobody else has been able to do that. So, plenty of examples throughout the enterprise in terms of how we are leaning forward using technology to better serve our customers and our associates.

A - Stephanie Wissink {BIO 17692025 <GO>}

All right. I think we're up on time. Doug, I'm going to turn it over to you to close out the session this morning.

A - Doug McMillon {BIO 3063017 <GO>}

Yes. Let me start with gratitude. A number of you have followed us for a long time and you know us well and we appreciate that. Thanks for paying attention to our business. We were excited to have this time with you the last couple of days to show you the distribution center and look forward to showing you the store and club. I hope you get the sense that we've got, which is we're leaning forward run our front foot. We've got great opportunities and we're positioned to take advantage of them across the business in lots of different ways.

I think that the purpose that we talked about last night is important. It's timeless. It motivates us. Our values and culture are clear. And our strategy is clear. And we're really focused right now on execution. Like let's just get some of this stuff done. And it's happening. It's moving.

And what the team has done during these last three years to move forward on the strategy while managing all the short-term things that came our way is really impressive to me. We have a fantastic leadership team, many of which are represented here, but a bunch aren't. And we've got a great set of associates making this stuff happen. So we're excited about this year and excited about these next few years, and we'll visit more when we go to the store and club in just a little bit. Thank you all.

A - Unidentified Speaker

Thank you.

A - Stephanie Wissink {BIO 17692025 <GO>}

I'm going to turn the webcast off.