

Raymond James 42nd virtual Institutional Investors Conference

Company Participants

- Brett Biggs, Executive Vice President and Chief Financial Officer, Walmart

Other Participants

- Robert Griffin, Raymond James

Presentation

Robert Griffin {BIO 18794001 <GO>}

Well, good morning, everyone. Thank you for joining us today virtually at Raymond James 42nd Annual Institutional Investor Conference. For those that have not had the chance to meet in person I am Bobby Griffin and cover consumer hardlines and retail here at Raymond James. Today I'm pleased to introduce Brett Biggs, CFO of Walmart. Also in attendance virtually from the company is Kary Brunner, Senior Director of Investor Relations.

So today's format will be a fireside chat between Brett and I. But before we begin let me remind you that there may be forward-looking statements made today. So, please refer to Walmart's website for the full legal safe harbor statements. Brett first, thank you for joining us. We really appreciate the support and I must say I hopefully look forward to doing this in person next year in sunny Orlando.

Brett Biggs {BIO 17414705 <GO>}

Yes, it's always a great way to start the year actually as with you guys down in Florida, so hopefully we'll get that work done next time.

Robert Griffin {BIO 18794001 <GO>}

Absolutely. So maybe just to get us started. You guys just released a great fiscal fourth quarter and hosted an Investor Day. So maybe you can talk a little bit about what you're seeing from the U.S. consumer? And how you think COVID-19 has shaped the competitive environment as we move here in to calendar year 2021?

Brett Biggs {BIO 17414705 <GO>}

Yes, it's amazing. I'm sure it's on everybody's mind that basically we're coming around to a year from when COVID became a real challenge in United States. So a

lot has changed if we would have tried to guess a year ago where we were going to be its it would have been really difficult to predict and there's been so much difficulty and challenge around the world with health of families and friends and so that's been top of mind from a business standpoint it's been a challenging year but a good year for the company and it accelerated a number of things from a strategic standpoint that fortunately we were -- we were prepared for maybe to take a little longer than it took everything accelerated, but we're prepared to be in an omni-channel retailer the ecosystem becoming larger and so we're ready for all those things and have benefited us during the year.

The customers just had to evolve as we've gone through this year and we went if you go back to last March and April when stock up was happening and then a stimulus package, then the COVID numbers got really rough during the summer, get a little better in the fall get rough again in the winter and then so the customers had to evolve through this. I think for the most part I feel it even here in our local area people are getting out again more traffic seems like it's getting a little more challenging. So they're wanting to get out, my guess is feels like you're watching the same things I'm is feel like we'll get a stimulus package of some sort coming out I think that will help folks will see how they spend it I do think people will spend probably a little differently GM will be important to people but also people ready to go on vacations and do other things like that. So they'll probably spend the money a little differently maybe than they did last year. I think the consumers doing okay particularly overall, particularly with the stimulus packages that are coming out, depends on which industry you've been in the travel industry or service industry hotel, restaurants that's been certainly challenging but overall I think the consumers continue to spend money, we've benefited from that last year and I believe we will continue to do so this year.

Robert Griffin {BIO 18794001 <GO>}

Okay, and maybe just touch a little bit on when you look at the potential tailwinds and headwinds for 2021, obviously a lot of moving parts, your business has performed extremely well. It's been a little bit different of a mix but if we do return to more of a quote-unquote normal environment. What does that mix shift do from a headwind or tailwind perspective?

Brett Biggs {BIO 17414705 <GO>}

Yes. This is exciting this year. We gained market share in a number of general merchandise categories where we've been looking to strengthen the business and that helps both from a customer stickiness standpoint also from a margin mix standpoint if you saw during the year for us from a profitability perspective. That's going to continue to -- I think that will continue to evolve I feel good about our business as we go through this year as you mentioned just a number headwinds and tailwinds and that's why I made even giving guidance more challenging than typically would be. If the news on the vaccine front appears really positive and so it's possible that maybe things just get back to normal more quickly than even some of us expect which would be fantastic. People are going to spend money a little bit

differently, there's pent-up demand certainly for travel. I'm sure everybody on this call would love to get out and take a vacation.

But at the same time the work we've done on general merchandise side on the marketplace side that's going to benefit us going forward. We had limited operating hours for quite a bit of last year, those offerings are starting to come back that will benefit us and as customers involved last year I think value started taking a little bit of definitely backseat to convenience. People maybe were shopping a little closer to home or shopping in a smaller store I think that comes back our way as we get to the year. So there's all these headwinds and tailwinds and I even said in my comments at the at our investor meeting the balance of those is what will determine where we end up for the year, but I feel really good in any case about how the consumer will respond to the offerings that we have.

Robert Griffin {BIO 18794001 <GO>}

Great, and maybe let's shift gears a little bit and touch on a few key topics from the recent Investor Day, two important ones that stood out to us as well as probably a lot of investors were the new flywheel, the new Walmart flywheel that was discussed as well as the accelerating of automation investments. So I guess first let's hit the flywheel. Can we unpack that concept a little bit; discuss some of the key components and then what that sets the business up going forward?

Brett Biggs {BIO 17414705 <GO>}

Yes, it's been fun helping evolve that because it's, as I came into the company almost 21 years ago now, the productivity loop was it was so prevalent everything that we talked about and it's really just kind of the modern-day productivity loop. It's just different than it used to be. And the business five years ago looked very different than it does today even from a P&L perspective. It's going to look different again three years, four years, five years from now. But it's still at the top of that, getting that customer engagement at the top and we're always thankful for the people that Walmart they got us into the grocery business decades ago because it allows us away and an opportunity to really interact with customers on a regular basis through that grocery business and ensuring that we're always the best in that and you know Bob over the years we've put so much money in quality and the process in that part of the business, so that will continue to be a really strong part of what we do, but then that allows us to do some things better, faster, sharper than we've done in the past.

We're growing a much bigger GM business both online and the stores, first-party, third party that has benefits from a stickiness standpoint as well as a margin standpoint. We've always had opportunities and we have businesses in health care and financial services how people interact with those things in the future is going to be different, tele-medicine for instance going to be much more prevalent than it was five years ago. We like what we're doing with the clinics there's things that were continue to evolve and change with those but we like those and then you about the financial services joint venture that we just did with Ribbit.

And then there's just other ways for us to make money. So you keep kind of coming around on the flywheel whether it's advertising or data, marketplace, fulfillment services for sellers there's ways for us to make money in a different way. And in higher margin businesses, which helps mix out differently than we have in the past. We're always going to be sharp on operating costs. And that's -- that was always a big part of the productivity loop but, still a big part of the flywheel and all of this then allows us to continue to evolve the customer experience which is going to continue to be important and given the balance sheet that we have and the momentum that we have, there's things that we can do from an investment standpoint, you mentioned automation that competitor just can't, they can't do, they can't do at the pace that we're going to do them at and so we felt like this was the right time to really lean in on innovation and capacity both.

Robert Griffin {BIO 18794001 <GO>}

Yep. How do you see maybe some of those building blocks you talk about of that you know that new flywheel translating across the different business segments, you have a powerful U.S. business and a ecommerce business that's in some fast-growing markets and then Sam's Club just got it done, having another tremendous year.

Brett Biggs {BIO 17414705 <GO>}

Yes, that flywheel is really, it translates really well to most of our markets and Sam's Club, well, it's a little bit different there still elements of that flywheel that were now, at the top of their flywheel is going to be -- they have a big food business but is that treasure hunt and the excitement of item merchandising that you get at Sam's Club it's a little bit different. But all of these things that we're doing they translate in a place like Mexico, they translate in a place like Canada, China is little different with the formats, the Sam's Club does tremendously well in China and then India, there's so much upside in the India with the emerging middle market there. So that's why it's been fun to evolve this flywheel because it has so many applications really in everything that we do inside the company. It fits really well.

Robert Griffin {BIO 18794001 <GO>}

And then maybe to pivot over to the automation side another big topic there from the Investor Day, but -- accelerating those investments in the supply chain technology automation of the supply chain. So, if my understanding of the strategy these investments should ultimately make your fulfillment both faster and more efficient, give you some more capacity. So is there any numbers you could put behind that or what some of these changes might mean for your grocery business or some of your other type businesses?

Brett Biggs {BIO 17414705 <GO>}

Yes, there's all of the places that we're going to lean in from a capital standpoint are things that we've had in the works in, so particularly in the supply chain side. We've been talking about for a while, things that we've been doing around, automation in

the back room of the stores for instance to make grocery fulfillment easier, particularly on the pickup side, and then we've been doing, we've been involved and really on the leading edge of things like already pallets, that go straight to store, go straight out of the floor and so these aren't things five years ago, these are things that were just starting now, there's things that we see are working and we can roll them out, feel more confident about the rollout than we would have been even a few years ago.

So I'm really excited about supply chain, innovation and that helps top line. So when we talk about growth numbers of 4 plus percent at some point some of that is coming from capacity, but also the ability to fulfill more quickly and then definitely from an efficiency standpoint. The kind of good dollars that we're talking about on capital unless you can get top line and efficiency. It's -- you need both of those things to have the confidence to make the kind of capital investments that we're making so I'm excited on both fronts.

Robert Griffin {BIO 18794001 <GO>}

Okay, and where it is you know this year you turned on a bunch of stores very quickly kind of highlighting the flexibility of the model -- yeah -- the right attitude --

(Multiple Speakers)

Brett Biggs {BIO 17414705 <GO>}

Give what the operators did it's pretty amazing.

Robert Griffin {BIO 18794001 <GO>}

Yes. So where it is, when you kind of look out, this new world of accelerating ecommerce, accelerating automation where does shift from store fit into the Walmart distribution model?

Brett Biggs {BIO 17414705 <GO>}

Yes, it does fit and I the great, again we learned so many things during COVID, and some of which for everybody was a bit of a fire drill and that things are coming at you so quickly and you need to react really quickly. But we learned so much about our own capacity our capabilities, our ability to move quickly, the speed at which we turned on stores to ship was pretty amazing. We always knew that could be a part of what we wanted to do. And now we know not only probably should it be long term we know we can do it and we can be very adaptable with it.

So what I would say Bobby and I mentioned this some in my analyst presentation is we feel like we have a lot of options. We have a lot of optionality on how to get to the customer experience we want, and how we get to the P&L that we want. Both of those things are important. But there's a lot of different ways to come at it and depending on how the year goes or how the customer changes over the next few

years, we have a lot of things that we can turn on and off or hybrid of some of these things that just will allow us to attack, attack the customer solution I think more aggressively and more broadly than competitors, maybe.

Robert Griffin {BIO 18794001 <GO>}

And from a maybe longer-term perspective these investments, the automation kind of the work and the new flywheel. How does that you look past the initial phase of this? How does that set the business up for revenue growth and operating income growth, on a more consistent -- on a more long-term basis going forward versus --

Brett Biggs {BIO 17414705 <GO>}

Yes, it should and that's why we wanted to be a little more explicit about the types of growth that we wanted to see out of the business and again it, it depends some on when stimulus comes and all these types of things, how you count things like that but you know a 4% type revenue growth for Walmart is a big number. It's a Fortune 100 company basically every year that you're putting on top of this already large company. But if we do that then the ability to we don't we don't necessarily need that level of sales growth to get the leverage that we want. But if you get that kind of sales growth, the ability to leverage expenses differently, ability to grow operating income faster than sales, fairly standard basis we should be able to do those things and that's why we felt it was important to talk about that at our analysts day. We wanted to give some indication to investors of why we want to increase the level of CapEx that we've --

Robert Griffin {BIO 18794001 <GO>}

And building off some of that a little bit more into the capital allocation side always a very important topic from a Walmart investor standpoint. How does the new flywheel and some of those investments drive the thinking of capital allocation over this new period kind of that we're into for the business?

Brett Biggs {BIO 17414705 <GO>}

Yes, it's really clarifying its now your capital, every dollar capital you should be able to tie back to I always talk to people internally about taking now this flywheel the strategy the flywheel taking it putting on a wall and saying is how I'm spending my day every day, how we're spending dollars the people, that we're hiring, the capital we're spending does it match up what we just said, then doesn't we need to rethink it. We've got to commit every dollar we have to fulfilling that strategy because we believe that strategy is the right strategy and I think that's been proven over the last few years, but that's it's the north star of how we think about expense and capital allocation.

Robert Griffin {BIO 18794001 <GO>}

Okay, and maybe let's switch into some of the segments first, on the U.S. side ecommerce 2020 marked an incredible year for the U.S. ecommerce business, but

not only in growth I mean it was a year that we narrowed the losses again -- move in the right direction. So maybe can we unpack some of the drivers there that help that performance, and narrowing the loss is really important?

Brett Biggs {BIO 17414705 <GO>}

Yes, we were even two years ago, we're starting to talk about we were saying various pieces of the puzzle that we're starting to come together in a way that was positive. The top line is kind of always been there, but we were starting to see improvement in contribution margin and some of that was, it just the way we merchandize mix as well, higher margin, we told you we're going after higher margin categories we did that. Some of those fulfillment costs and as you get more leverage through your building you just start leveraging expenses differently, as sales go up you start covering cost differently.

So it is all these things that we were working already last year, get the 79% growth that we got this year, all of that starts working the way that you wanted to. So now we're standing -- we're getting the volume through the system that we knew was going to get us in the place that we want it to be. So we're seeing the benefits of that and now bringing together the organization structurally to more closely align to one organization patient now under John has really been helpful. And I think we're going to continue to see benefits out of how we might merchandise? How we go to market with customers? How we manage margin. I think all of that is just going to be simpler.

Robert Griffin {BIO 18794001 <GO>}

Okay and two big parts of that, a lot of focus on is the 1P and 3P mix. As well as the new business within advertising that's kind of the newer push. So maybe first on 1P versus 3P some of the investments the team has made to position that aspect, here in 2021 and beyond and where you like the ideal mix of that to be and then we'll switch over to advertising after?

Brett Biggs {BIO 17414705 <GO>}

Yes, both are important 1P and 3P. We've had a fairly small three, but growing 3P business and some of that's been intentional to ensure that we can deliver the value proposition that we want and the customer experience that we want. But we've accelerated that more; we've accelerated more on the seller tool side to make it easier for sellers to come onto the platform. Some of the capacity will be adding will help us in Walmart fulfillment services that's a big part of what we want to do as well as help with third-party sellers and we don't have a real, I don't have a mix in mind of what I'd like those to be. I want them to get to their natural level of where they should go. We do know third-party sellers really like us as a place for them to grow their business. Today, there's not a ton of places for them to go and we're one given our size and scale that's a very obvious place and we should continue to help them build their businesses. So we're excited about that, the timing is right and it's very good from a profitability standpoint, margin mix standpoint for us as well. But we want to grow both of those businesses we think they're very important.

Robert Griffin {BIO 18794001 <GO>}

Okay, and advertising is really starting to come into focus here a little bit more.

Brett Biggs {BIO 17414705 <GO>}

Yes. It's a growing business for us.

Robert Griffin {BIO 18794001 <GO>}

Yes, maybe talk about the strategy of that business and what some of the early customer responses are as you guys have pushed more into that?

Brett Biggs {BIO 17414705 <GO>}

Yes, and it's another business where we've been a little bit deliberate and that customer experience and is important and that we want to make sure, we're not confusing them, we're not putting too many things in front of them that they can trust us that when we recommend an item for them that it's us recommending to item it's those kind of things that we've been very thoughtful about but -- we've gotten in a place with their own leadership team this time to accelerate that so we've got a decent sized business already. We don't talk about it that much because inside a Walmart is still fairly small but it's a decent a decent sized business. But we think it can grow multiples of what it is today, and help us partner more closely with suppliers. There's the number of eyeballs that we have on our sites in our stores is pretty amazing.

So we already have the ability to go acquire customers is actually fairly inexpensive for us because we've already got the traffic. We just need and it's like this data monetization, financial these are things like that. We've got the traffic. We don't have to necessarily go build these, the traffic and it is business we've got it. We just now need to get people to interact in our ecosystem a little differently than they have in the past.

Robert Griffin {BIO 18794001 <GO>}

So all those moving parts, between the advertising growing, 3P growing, the mix shift, leveraging fixed costs, all those seem like permanent type aspects that should continue going forward. How does that change the algorithm of the U.S. segment's operating income potential and growth? Yes.

Brett Biggs {BIO 17414705 <GO>}

Yes, it changes the way I used -- I have been in this role a little over five years now and the way we think about the P&L tells a little different than it was five years ago, but it's healthy it's good and I feel like we have many more options of how to generate the financial results we wanted, in fact we have more options than we did five years ago. So I like that -- I think it's going to feel even better five years from now

and it does today as far as far as optionality. Go back five years ago, when we announced we need to make investments in wages and ecommerce, but we also said we need to invest in price more aggressively at that point. And so you had a period of time where gross margin rate was coming down, OpEx was coming down but not at the same rate and so operating income is going down as a company some in the U.S. as well. I don't think that has to be the case going forward. I think we'll invest in the business. I think we still leverage expenses. I'm not concerned about that longer term. But there's opportunities for gross margin -- to look different from a rate perspective than that I think we might have even though a few years ago, there's higher margin businesses that we're in, the general merchandise business is encouraging, marketplace encouraging. So I think it does change, it does give additional optionality to the U.S. group in particular.

Robert Griffin {BIO 18794001 <GO>}

It seems like it would give chance for even U.S. operating income maybe outpace sales growth, if those parts flow in that way?

Brett Biggs {BIO 17414705 <GO>}

Yes. I mean, we said that as a total company so it's pretty tough to do anything -- that you can't do in that U.S. segment. Although, international now with the markets we're in, it's going to be higher growth, should be higher growth from a profitability perspective to another investment some things in Mexico and Canada in the short term as well. But so that dynamic -- international dynamic should change them as well and will help but it's U.S. businesses still pretty big to the total.

Robert Griffin {BIO 18794001 <GO>}

And the prices, the price investments is another aspect that we focus on I mean, sometimes we get push that Walmart seems always being price investments, gross margin under pressure, continually and the team's tone and kind of outlook there is change a little, so maybe just talk about how you feel the business is competitively priced with fears and kind of that potential for gross margins as we talked about to be a little different now because of that?

Brett Biggs {BIO 17414705 <GO>}

Yes, there's a lot of pieces to that gross margin equation. That's, it's how you buy, it's how you price, it's how you move goods. And now it's, all these alternative businesses that we can be and as well that help. Price is always going to be important to us where it's always going to be a big of our equation. We were really aggressive particularly in the food side over the past few years and feel like our price gaps are in a really good shape actually, and that I think gives us optionality as well how to strategically invest in price and places that we feel like we need to won't have to be everywhere. But it's still going to be a big part of what we do, that value equation for customers and we mentioned earlier over the last year or so customers have -- looking to things other than value. They always -- the convenience, always

going to be important, but they'll look like they're going to continue to look for value and maybe even more so as we come out of this just like they used to.

So but price is always going to be a big part of that. But we're going to -- we're strategic about it, we're thoughtful about it, we're sharp about it. And so I view it as one tool we have.

Robert Griffin {BIO 18794001 <GO>}

Okay. And maybe to switch gears a little bit but on the -- other interesting thing that's pop it up more is the other services and revenue opportunities that the business is finding, whether its financial or fintech in that area or healthcare or as we just talked about advertising. So as we sit here today, which opportunity do you think has the most potential over the long term?

Questions And Answers

Q - Robert Griffin {BIO 18794001 <GO>}

(Question And Answer)

A - Brett Biggs {BIO 17414705 <GO>}

Yeah, I mean it's like asking which one's your favorite child. I mean they're all exciting. They're all different. They all have different potentials. Some may perform better and that (inaudible) why I like about them. They're all really different from each other, but they're all connected to what can we do at the base of the business. So we're going to continue to really go after these businesses and it's not. I had a question earlier actually from investor that asked, are we looking at these looking at these as profit pools, or is it just a way to get people into the ecosystem? And the answer is both. We want them as a way to get people more into the engage with the ecosystem, but these businesses are going to -- they're going to stand on their own. They're a profit opportunities in these businesses.

So that's why I'm excited about them. And we feel like we can invest, certainly for period of time invest kind of have been all of them to give them a push forward and we'll see how it goes and we'll find some things in a work like we think, and we'll find some, we'll be talking about new opportunities three years from now, we're not talking about today. So just kind of how it works.

Q - Robert Griffin {BIO 18794001 <GO>}

And maybe on the healthcare, Walmart Health I mean that one's been an issue for a little bit longer maybe the other ones. But obviously with this year, Healthcare came to the focus of pretty much everybody's mind. So any update there the Walmart Health strategy kind of the build-out of those centers, the responses from customers or even the doctor side of that business.

A - Brett Biggs {BIO 17414705 <GO>}

I was in one. It's been a little while now, because of COVID that was in one -- one of our first ones, we opened up in Georgia and customers love what we're doing. I mean the ability to come in and get some fairly basic services done in a simpler way with a good pricing structure. The doctors love it, because they can spend more time taking care of patients and not necessarily all the paperwork. So they like the fact that they get to take care of people. So the model we know works, still got to work through the mix of services and doing the way certainly that it makes money and but we're working our way through all that. You'll continue to see us roll those out. We have a new Head of our Healthcare business, Cheryl Pegus is really good. I've spent some time with her over the last few weeks, excited about what she's going to do. Cheryl have her own take obviously in what she thinks we should do as a company. But it'll be in the lines of what we've been talking about, Bobby and I think healthcare is going to continue to -- it's going to evolve -- today, it evolve over the next several years, telemedicine is going to be a much bigger thing than it was in the past things like that. So I'm excited about it. There's a lot we can do there and the customer trust us in that space.

Q - Robert Griffin {BIO 18794001 <GO>}

And maybe going to Sam's Club. Another area that you really (inaudible) incredible year. So I didn't want to get out of this presentation without asking at least a question or two on them. Talk a little bit about some of the investments that they have been made there to position, reposition the business to obviously very big growth now, we're seeing in it. And they kind of how those could maybe be sustainable going forward?

A - Brett Biggs {BIO 17414705 <GO>}

Yeah. We like 15, 16 comps, (inaudible) and tobacco will take every year. When John was over there, he made a number of changes, really got the organization, really geared into technology and it became a bit of a lab for the rest of the company and what technology can do and what they did with scan and go with some of the things they did around. Making membership easier to manage and then Kath has come over and continued that, but Kath's a real focus on the member and making sure that membership is valuable and the memberships are really obviously really important part of why people want to be a part of a membership club, no surprise there. And so Kath is really putting her own mark on that from the membership perspective.

But I like what Sam's is doing. Its -- I spent three of my own years there and it's such a great part of the business and you can -- it's an item level business. It's a relationship business and we get a lot of learnings out of it for the rest of the organization. It's really helped us from a tech perspective.

Q - Robert Griffin {BIO 18794001 <GO>}

And with position for growth now and some of the positive signs of member growth and stickiness of customers all the good stuff. Are we at a period where maybe we start to see some new units out of Sam's or is there's some markets that there could be some new store expansion opportunity in?

A - Brett Biggs {BIO 17414705 <GO>}

Yeah. Its -- you never say, never. I think we feel pretty good about our U.S. store base whether it's super centers or Sam's Club and I do think it's more about how you get that member to engage with you differently with things like pick up, samsclub.com, it's probably more along those lines than a bunch of new units.

Q - Robert Griffin {BIO 18794001 <GO>}

Okay, and from a vendor side of things. I mean, obviously a challenge for everybody through 2020 was vendor constraints and keeping up with the mix shifts of what people were buying. But how is -- as we enter now calendar year 2021, how was the supply chain. We working our way back towards normal and kind of what are you hearing from vendors on availability of products?

A - Brett Biggs {BIO 17414705 <GO>}

Pretty challenging year. Quickly go back and look at, what you were looking for last April and May.

Q - Robert Griffin {BIO 18794001 <GO>}

I think Doug said at one point there is what a roll of toilet paper sold for every person in America or something. I remember things --

A - Brett Biggs {BIO 17414705 <GO>}

I think maybe people still digging out of that from their homes from earlier pandemic. There's still a few things that are -- if you go in our stores today versus six months ago, the in stock looks a lot better than it did, it's still not completely back in everything versus where we would like it to be. But it's getting there feels -- it feels a lot more normal. I think there's going to be certain things that are just given everything is going on the world. There's going to be some challenges, probably that'll last for a little while longer but nothing that's dramatic, that's impacting the business in a big way. We're in a lot of different categories and so that helps.

Q - Robert Griffin {BIO 18794001 <GO>}

Okay. And I guess two things maybe to end up with. We have a few more minutes left. Walmart once again taking a forefront on helping deploy the vaccine. So talk about some of the quick developments that team had to do there and kind of that customer response and being part of that, help them --

A - Brett Biggs {BIO 17414705 <GO>}

Yeah, I am proud to be able to do that. I mean there's nothing more important right now for the world than the distribution of this type of vaccine, and the people that want to be vaccinated making sure they get it as quickly as they can. So I'm proud of the company for what we've been able to do. And every state is a little different as you know and how they roll it out and so the operators have been very flexible and working with the government and the state agencies where we can help. But that's the main thing. We want to be part of the solution on this and obviously some of our

competitors are doing the same thing and there's nothing more important that we can be doing right now.

Q - Robert Griffin {BIO 18794001 <GO>}

And then what about -- a lot of things going on positive at Walmart, one of the things that was really stuck out the last couple of years has been the ESG work and that and investment associates. So maybe let's spend some time and talk about A the investment associates and B some of the other ESG initiatives that the company is taking part of now?

A - Brett Biggs {BIO 17414705 <GO>}

Yeah, and I'll split them apart, because -- differently. I mean the investment. I'll start with wages. The investment in wages is, it's important -- the announcement we just made toward the average. So making over \$15 an hour and we've raised wages for almost 600,000 people on just over the past quarter or so. It's important to ensure that we recognize associates important to ensure that we stay competitive and that we can get the people that we want and retain them and particularly in these jobs around the omni efforts and where we really go back to the strategy that really fulfills our strategy. So it's important. But these are business decisions and it should help the business. So it's an investment, but it's something that should help the company. We're wanting to make sure that we create this lot of opportunity for associates and that they have the opportunity to get into the company, but then also progress to jobs that have higher wages. So I think we have a good approach. I like the approach that we're taking.

On ESG. Couple of years ago people were saying. Investors going to start asking a lot of questions about ESG. I'd say, it's great. It's such a great story for us and I think it doesn't get told maybe sometimes we don't get the story told as often as we would like. But it's another place where for the most part ESG initiatives whether it's saving energy, whether it's taking the water out of a product that we don't need. There's a business benefit for that. It's eliminating waste somewhere in the system, that's good for our suppliers, it's good for us, it's good for our customers and it's great for the planet. We just made an aggressive climate goal that we're going to be neutral by -- carbon neutral by 2040 without offsets. It's a bold goal. I like it and I feel good about our ability to go do it, because we wouldn't start on this journey -- 15 years ago. So we've been at it for quite a while.

But it's sort of thing that makes me proud about the company that we can run the kind of business that we do and do things that will be good for the planet and good for my kids and good for your kids. And it's important part of what we do. I'm proud of it.

Q - Robert Griffin {BIO 18794001 <GO>}

I think we've made it through my -- our list. We're right here on time. So I appreciate -- I appreciate the support. Yes, it worked out well, but as always appreciate you joining us here at the conference and support and best of luck here in calendar year 2021.

A - Brett Biggs {BIO 17414705 <GO>}

Good to see you. Hopefully see you in Florida next year.

Q - Robert Griffin {BIO 18794001 <GO>}

Absolutely. I look forward to doing it in-person.

A - Brett Biggs {BIO 17414705 <GO>}

Thanks, Bobby.

Q - Robert Griffin {BIO 18794001 <GO>}

Take care.

A - Brett Biggs {BIO 17414705 <GO>}

Take care, man.

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