

## Baird 2023 Global Consumer, Tech, and Services Conference

### Company Participants

- Kathryn McLay, President and Chief Executive Officer, Sam's Club

### Other Participants

- Peter Benedict, Robert W. Baird & Co.

### Presentation

#### **Peter Benedict** {BIO 3350921 <GO>}

Good morning, everybody. Thanks for joining us here for the next session. I'm Peter Benedict, senior retail consumer products and services analyst at Baird.

Really thrilled to have the folks from Sam's Club with us this morning. After this session, there will be a breakout in Astor Room A. So if you'd like to engage with the team, please meet with us after -- afterwards.

To my left here Kath McLay, Executive Vice President and Chief Executive Officer of Sam's Club. Kath arrived at Walmart around eight years ago following a long career at Woolworths in Australia. Four years in U.S. supply chain, brief stop at Neighborhood Market. Took over as CEO in November of 2019. Also here with us sitting in the front row, Megan Crozier, who is Sam's Club's Chief Merchandising Officer; Diana Marshall is Sam's Club Chief Growth Officer; and Ethan Spiva, who is the Sam's Club Head within the Investor Relations group. Those folks will be available as well in the breakout session.

Just a quick overview on Sam's. I'm sure everybody knows Sam's, but since it's inside of Walmart, I think it's helpful for some perspective. They are the largest warehouse club in the U.S. in terms of store count, around 600 clubs, 44 states and Puerto Rico. They generate about \$84 billion in net sales. That's about 14% of Walmart's total revenue. The business is coming off an exceptional run, three consecutive years of double-digit core comps. Sam's also turned 40 earlier this year.

I guess that makes it a millennial business. A happy birthday to Sam's --

#### **Kathryn McLay** {BIO 20989984 <GO>}

Thank you.

**Peter Benedict** {BIO 3350921 <GO>}

-- and welcome, Kath. Before I get into questions, Kath is going to maybe provide some opening remarks here and then we'll get into the conversation.

**Kathryn McLay** {BIO 20989984 <GO>}

Yeah, sure. I think I have to --

**Peter Benedict** {BIO 3350921 <GO>}

Oh yeah.

**Kathryn McLay** {BIO 20989984 <GO>}

-- look into the forward looking statements. But I guess probably just wanted to start with a little context. You talked about like that great run we've had, \$84 billion retailer, three years of basically double digit comp growth, strong membership. But I think probably one of the things I'm most proud of is the depths of capability in the organization; partly why I brought some of my leaders with me today. But we are a seasoned retailer. We know what we're doing. We understand what our value proposition and why it's working. And we're very focused on the details of our business.

## Questions And Answers

**Q - Peter Benedict** {BIO 3350921 <GO>}

(Question And Answer)

Thank you. No, I mean, and look, let's start with membership, because it's really the lifeblood of the Warehouse Club format. No shortage of positive trends to talk about there. Maybe talk -- give us a sense for how your membership ranks have grown over the past few years. And maybe give us a little insight into the membership tiers and the demographics of who is joining Sam's Club.

**A - Kathryn McLay** {BIO 20989984 <GO>}

Yeah. So, we've seen growth across the three years in both absolute numbers and also looking at the proportion that are plus members versus a club member. But what probably we're most excited about is when you peel it back and look at who we're attracting at Sam's Club, it is a much more younger demographic. And we find when we look at that younger demographic, our sales growth is greater with that group. They're more digitally engaged with us and they're more likely to join us organically versus via promotion.

They're a very healthy part of our membership base and we want to keep cultivating that group, because if we can get them to join us young, then obviously we can

partner with them through all the life stages. So, this is kind of Gen Z and millennial groups.

**Q - Peter Benedict** {BIO 3350921 <GO>}

Okay. And interesting with this conference, I'm not sure, I've ever seen all three clubs at the same conference. So, we had BJ's yesterday.

**A - Kathryn McLay** {BIO 20989984 <GO>}

Yes.

**Q - Peter Benedict** {BIO 3350921 <GO>}

You guys are today. We have Costco tomorrow. We're asking BJ's and Costco, everyone's asking them when they're going to raise their membership fee. I don't have to ask you that question because you've already done it.

**A - Kathryn McLay** {BIO 20989984 <GO>}

We did.

**Q - Peter Benedict** {BIO 3350921 <GO>}

So, maybe talk about how members have responded to the fee increase and maybe how renewal rates are trending relative to that.

**A - Kathryn McLay** {BIO 20989984 <GO>}

I mean, it was probably one of the most agonized over decisions we've made as a leadership team. Putting your membership fee up during an inflationary period felt like a tough decision to make, but we'd also known over the last few years we'd invested so heavily in the value prop that the time was right. And so, we looked at it and we thought, okay, how do we do this in a way that's going to help us like safely land this fee increase? And we also at the same time had just unlocked Sam's Cash. So, for our plus members, they get 2% back. Historically, they got that back annually in a check. And we knew that like if they got it back and it was below a certain amount, they're more likely to spend it in the club. And if it was above a certain amount, it's more likely to lose it in leakage outside of the club.

And so what we wanted to do is look at how do we actually reward members by giving them their Sam's Cash monthly, and how do we make this something that makes the relationship a bit more digitally sticky? And so, we unlocked the Sam's Cash tracker and monthly distributions on our app about the same time we were looking at the membership fee increase. And so, we decided that what we do is lift the fee, but give them the Sam's Cash back for that first year to negate the increase so that really it felt like we're putting the fee up, but it's on us for the first year. And that's helped us get traction with Sam's Cash. It's helped us get more digital kind of interaction on our app. And we've seen negligible, if any, reduction in renewal as a result of it as well too. So, that's an all round win for us.

**Q - Peter Benedict** {BIO 3350921 <GO>}

That's great. That's great to hear. There have been no shortage of signs of stress on the consumer emerging throughout retail. You guys have held up obviously very, very well. But maybe just talk about your member shopping habits and any kind of changes you're seeing below the surface here.

**A - Kathryn McLay** {BIO 20989984 <GO>}

Yeah. I mean, it's been interesting to watch. It feels like there's a multiple drivers that are all kind of impacting the member at once. I think one of the most primary things we've seen this year is the last few years customers and members wanted to secure inventory. So, whether it was play equipment, whether it was toilet paper, whatever it was, as soon as you put it out in the club, it's sold. And we were finding that like those seasonal dates were kind of like blurring a little bit and we were having to land inventory a lot earlier.

This year, we're seeing a snap back to more like a 2018 profile. So, people are waiting more closer to the point of need or event before they purchase. So, our demand profiles are looking quite different. I think we're also seeing, members are very deliberate about how they spend their money and particularly about large price point purchases. So, I think we're having to kind of watch and just keep an eye on what are those price points? And how do we make sure that we -- make sure we adapt to kind of where the sensitivities are. So, it's not that they're not buying the higher price points, we're just like -- we're keeping an eye on it, because their behaviors are kind of changing slightly.

**Q - Peter Benedict** {BIO 3350921 <GO>}

Makes sense. So, let's pivot over to growth. Earlier this year, you guys outlined some plans to restart your club growth. I think it's 30 locations over the next several years. Why is it -- why is now the right time to restart growth?

**A - Kathryn McLay** {BIO 20989984 <GO>}

Yeah. I think first of all, the value proposition is really clear and it's resonating. I think, the three years of comp growth gives us confidence that in the markets that we're in, it's really resonating and we've got great feedback from members. We are like, if you look at our strategy document, we have a flywheel and the first one is being member obsessed.

And part of what that looks like is we track our NPS with our members like minutely. So, we have NPS for all of our journeys. We're looking at a daily, weekly kind of transactional NPS. And all of that data is showing us that like members really resonating with our value prop and they love products like Scan & Go. Scan & Go has a 90 NPS. Our in-club journeys has a really high NPS. We looked at our rating across retailers and we've gone, we've walked up the ranks from about 13 up to 4th position. So, like the members are being quite clear. They're enjoying what Sam's Club has to offer and we see that there's an opportunity to bring that to more communities.

**Q - Peter Benedict** {BIO 3350921 <GO>}

Yeah. That makes sense. So, Sam's peaked out at around 660 clubs at one point in the U.S. and then close 60, so --

**A - Kathryn McLay** {BIO 20989984 <GO>}

Yeah.

**Q - Peter Benedict** {BIO 3350921 <GO>}

Maybe help us understand, what -- how this -- the next 30 are going to differ from the 60 of closed?

**A - Kathryn McLay** {BIO 20989984 <GO>}

Yeah. So, I think, firstly, what we're looking at is, how do we move into avenues of high growth? So, population shift township shift. We want to make sure we're positioning the clubs where growth is high population density high growth areas and what we call happy host, which is our demographic. We're also going to make the club 160,000 square foot versus the 130 it is now.

During the last few years, we've had to retrofit curbside into the existing footprint. And it's not always been easy. Those clubs are doing volume and you're trying to carve out space that was previously selling space. And so, what we're doing is designing it. So, all of those omni activities, curbside, we also ship from the club to homes and delivery. All is purpose-built to be highly productive for the associate and enable us to have a really seamless interaction with a member. And then we're bringing together health services, pharmacy, optical, hearing into the one area versus they're kind of in different places in the club at the moment. And then we're amplifying the fresh food area.

Our sushi counters have done extraordinarily well, where we have them and trying to get them into the existing footprint can always give us challenges. So, we're designing that fresh space to allow you to have the theater and the space to shop it and make it a delightful member experience.

**Q - Peter Benedict** {BIO 3350921 <GO>}

Yeah, I remember we were in Shenzhen visiting a Sam's Club, not under you, but several years ago, and I think there was a full alligator in the -- I'm not sure that's the -  
- when you said the sushi, well, I was like --

**A - Kathryn McLay** {BIO 20989984 <GO>}

We don't sell alligators.

**Q - Peter Benedict** {BIO 3350921 <GO>}

I just remembered that. I don't think it's going to be that, but that's fine.

**A - Kathryn McLay** {BIO 20989984 <GO>}

I mean, when you can put a fish counter in where you can display --

**Q - Peter Benedict** {BIO 3350921 <GO>}

Yeah.

**A - Kathryn McLay** {BIO 20989984 <GO>}

-- and I mean, it does bring the theater. It's fabulous.

**Q - Peter Benedict** {BIO 3350921 <GO>}

Yeah. No, fantastic. Good pivot over to merchandising, which obviously is critical for an item business like Sam's Club. I want to start with quality. I mean, assortment of price, quality, but I want to start with quality and focus really on Member's Mark. We were down in Northwest Arkansas last week, a great show down there for the shareholders meeting. There was Snoop Dogg, there was John Legend. There were a lot of good things.

**A - Kathryn McLay** {BIO 20989984 <GO>}

Yes.

**Q - Peter Benedict** {BIO 3350921 <GO>}

But really the stars of the show are the associates and one of your team members won the prestigious Sam Walton Entrepreneur Award. So, maybe talk about Member's Mark, the role that plays and you re-launched it recently. So, there's a lot to talk about there.

**A - Kathryn McLay** {BIO 20989984 <GO>}

We did, we did.

**Q - Peter Benedict** {BIO 3350921 <GO>}

But I wanted to hit that.

**A - Kathryn McLay** {BIO 20989984 <GO>}

Yeah. I mean, Member's Mark is now over a \$20 billion brand. We re-launched it last year. Our members were telling us that they wanted it to be made, we -- say, made with a member and planet in mind. And why we say that is because when we design items for Member's Mark, we actually use a group of 40,000 Member's Mark -- members to give us feedback on the item.

So, it's not a matter of like, do I like it? Does Megan like it? Does our panelists, who sit in Northwest Arkansas like it? We go to 40,000 members across the nation and get their feedback. And they give us very specific feedback on what they do and don't like about the taste profile around the packaging, et cetera. So, we're

designing it with and for them. That's one aspect that is quite unique about our private brand.

And then I think the other thing that they told us is they would like it to be good for the planet. It's important, like particularly our younger member cohort, making sure that it is good for the world is important to them in a values-based kind of purchasing environment. And so, we have very clear regenerative standards around those items, and that together has really resonated.

Our NPS on Member's Mark shot up, I think it was like just under 10 points when we re-launched it and we were able to showcase the work that goes behind it. But I'd like to like just anchor on one thing. One of the things that I don't think people necessarily understand is just the expertise and care that our merchants go to in finding items.

So, I showcased Spencer Beck, who is our floral buyer. Like, this is not just like a commodity purchase. I sit at my desk, someone shows me some flowers, I think they look good, whack a price point on and put it in the club. This merchant is over in Europe working with seed developers. Like, I watched them like with a little paintbrush dusting out like the pollen out of roses. And he's taking the member insights. Our members told us, we want fragrance in our flowers. We want longevity and yield, but we also want fragrance. And so he's taking that to the actual seed developers. And then he works with like floral growers in Ecuador. So, we take the plants and when that's the best place to actually grow them. And he's developing items that will come to the market in seven years' time. Like that is the story that sits behind items.

We only have 5,500 items in the club, but each item has this amazing story behind it. And we're trying -- we're at the cusp of working on how do we tell those stories digitally, so that members actually feel like they're getting -- it's not just a rose. There's an entire, like there's a family, who have experts in Europe on seed development that we're partnering with to get the best in the world.

**Q - Peter Benedict** {BIO 3350921 <GO>}

Yeah, no, that was a great, that was a great example. Are there any categories that have become maybe more or less relevant based on these member insights or is this just kind of yes, during COVID this was popular and now we're just normalizing? Is there anything that jumps out?

**A - Kathryn McLay** {BIO 20989984 <GO>}

I think -- I mean, we've seen, it's interesting, because in this situation, where you've got inflation, there's a lot of pressure on households. And so, everyday needs a primary right now. But we're finding when you can get that marriage between great quality and the right price point that the sales actually like are still there. And so, we found -- we're looking at brisket the other day, we're able to bring the price down by 17%, but we're able to get a 29% increase in tonnage. And so, like there's money to spend on kind of higher price point things if you get the combination right. I talked

about last week, our roses are \$17.98 for 18 stems. Our sales are up 65% this year. So, like get that right combination and it's really, really powerful.

**Q - Peter Benedict** {BIO 3350921 <GO>}

Yeah, that sure is. Let's dig into price a little bit. Maybe talk about your price gap. You say, you want to lead on price.

**A - Kathryn McLay** {BIO 20989984 <GO>}

Yeah.

**Q - Peter Benedict** {BIO 3350921 <GO>}

So, talk about like, what does that mean? What does lead mean?

**A - Kathryn McLay** {BIO 20989984 <GO>}

So, lead means that we want to have the most competitive prices in the club channel. So, we use data to scrape websites. We use third parties to collect prices. And personally, we're out in the clubs ourselves too, making sure on a basket of representative items across the nation, we have the best price points.

And, as a leadership team and Megan's team, we meet every week and we go through, okay, what's our price leadership? What does that look like? Okay. And so, we've worked actively over the last three years to invest to get ourselves in this position and we're a highly competitive group and we know it's important to our members. Like, value is important to them. It's one of the reasons they paid to shop with us.

**Q - Peter Benedict** {BIO 3350921 <GO>}

No, for sure. So, let's talk a little food inflation. It's -- I think it was low double-digits last year. Certainly, there's a moderation that's going on, pace of which varies. How is food inflation or disinflation playing into your view? I think you guys have a 5% comp view for the year, but just how do you see that trajectory? And in the event, I don't think it's an expectation that we see deflation, but if we did, just how do you think about that dynamic?

**A - Kathryn McLay** {BIO 20989984 <GO>}

Yeah. I think we saw food inflation kind of moderate in Q1, like I think from the start of Q1 to the end of Q1, it moderated down about 400 basis points. But what I would say is, if you look at the two-year stack or the three-year stack, it still has a long way to go. So, we are working actively on making sure making sure that we can continue to get that much down. So, where input prices or input costs have come down, we want to flow that onto the member. So, it's just like the -- as the input costs went up last over the last two years like they went up. So, now it's time to reverse that trend and we work actively with our supplier partners to keep an eye on each of those input costs and make sure we're flowing that back to the member.



**Q - Peter Benedict** {BIO 3350921 <GO>}

Yeah. And in general merchandise, I assume there's with freight coming in and stuff coming from Asia, have you seen pockets of deflation there and are consumers reacting to that? Are you seeing it? You talked about roses, you made them better, units of volume drop or brisket. But talk about maybe general merchandise in those categories and what you're seeing in terms of the consumer response.

**A - Kathryn McLay** {BIO 20989984 <GO>}

Yeah. We have seen like the prices come down in general merchandise and it's a factor of both input costs as well as logistics, supply chain costs normalizing. I think what we're also seeing though is we're investing heavily into quality. And so, we're getting that stair-stepper brand, improved brands, better quality brands into Sam's Club. But also, we've seen apparel grow significantly over the last couple of years. We've seen our market share in apparel grow as well too. And part of that is price point, but part of it actually is a better quality merchandise that we're offering.

**Q - Peter Benedict** {BIO 3350921 <GO>}

Yep, yep. Last thing within merchandising, convenience.

**A - Kathryn McLay** {BIO 20989984 <GO>}

Yes.

**Q - Peter Benedict** {BIO 3350921 <GO>}

That's the other pillar, and convenience drives frequency and we all know that frequency drives renewals in the club business. So, maybe talk about your primary convenience offerings. You've got curbside, Scan & Go, you alluded to before, and then maybe something on the economics of digital general.

**A - Kathryn McLay** {BIO 20989984 <GO>}

Yeah. We definitely saw convenience as being the place to differentiate versus a club channel. So, when we started this journey back at the beginning of 2020, we decided that we needed to bring curbside to the club channel and over that kind of next six months open it up across each of our operating units across the states.

And we have seen growth upon growth in that space and we still see a very, very healthy horizon of growth for us in that space as well too. Last year, we unlocked delivery, so items in the club can now be delivered to the home. Between those channels, we're seeing that there is not only growth in the future, but we're profit positive.

So, our e-com -- our omni-channel play is profit positive to us, which means that, as we continue to grow in that space, it doesn't become a drag on our P&L. We've worked hard at looking at how you shape those channels, what comes from a fulfillment center, what comes from the club. About -- over 70% of our omni items come from the club, like that's where we ship them from. Whether it's shipped from

club out the back of the club or whether it's curbside or delivery from collect club out the front of the club. That's how we're kind of making that whole economic profile work.

**Q - Peter Benedict** {BIO 3350921 <GO>}

No, that's great. And so, if leveraging data is a hot topic at Walmart in general and all across retail, Sam's is unique in a lot of ways. You have very rich first party data.

**A - Kathryn McLay** {BIO 20989984 <GO>}

Yeah.

**Q - Peter Benedict** {BIO 3350921 <GO>}

So, I'm not going to ask about AI. I am going to ask about how you guys are leveraging the first party data. I think Scan & Go even goes into that in terms of how many transactions you can track. So maybe just talk about the data you have, how you're harnessing that to help improve your business and the overall economics.

**A - Kathryn McLay** {BIO 20989984 <GO>}

Yeah. So, I think, to try and paint this out, Scan & Go, I don't think of it as a point of sale offering. I think of it as a digital interaction. We have members, who are now in an offline environment, who are shopping in an online way. We have really rich first party data, which enables us to get very personalized in how we talk to each different persona or cohort. So, these are the capabilities we've been building out over the last couple of years.

So, we've launched our digital ads business. We've stitched together online and offline sales. So, our suppliers, when they present an ad to a member, can now find out, did it trigger them to purchase online, or did it trigger them to purchase the next time they're in the club. The return on ad spend, the ROAS on that has significantly lifted, which is really attractive to our supplier base. So, you've got a digital ads business. We've got a way to engage with our members, who are shopping on Scan & Go in the club, and we can present ads to them, or we can just give them a nudge when they're in the club around items that they may have forgotten to put into their basket or items that they may not have shopped in previously, but we know because they behave like another member that they might like that item.

So, we're stitching together this digital ecosystem that enables us to engage differently with our member base, but also with our suppliers. And we're kind of at that real kind of infancy stage, where we're just unlocking each of these capabilities. It's taken us years to build it out, but we're now at the point that we're starting to play with all of those capabilities and it's exciting.

**Q - Peter Benedict** {BIO 3350921 <GO>}

So about a third -- probably more than a third of your transactions are done some digital form, whether it be online --

**A - Kathryn McLay** {BIO 20989984 <GO>}

Absolutely, yeah.

**Q - Peter Benedict** {BIO 3350921 <GO>}

-- or with Scan & Go. That's terrific. Automation, that's another hot topic at Walmart. Maybe talk about what automation means for Sam's Club, and how maybe you're leveraging some of these efforts that are going on in the broader business?

**A - Kathryn McLay** {BIO 20989984 <GO>}

I think we pallet flow pallet display. So, last couple of years, we've taken a bunch of items out of the club so that we could get rid of shelves so that it is just pallet flow pallet display. That's great from an SG&A perspective. But what it also means is that we don't need a lot of automation in our supply chain. Like basically, you're cross docking the item to get it to the club, where we need the automation is in the club. That's where we have a heaviest -- heavier associate base.

And so, what we've been able to do is bring in it's an inventory scrubber. It scrubs the floor and reads the inventory. So, I think that we're one of the first retailers in the world that actually gets a daily snapshot of exactly what our items are, in what locations in the club. So, whether it's on the floor in the steel and then we're using that to like automate at the moment 35% of inventory tasks, in the very near future 70% of inventory tasks.

So, you're taking out kind of the mundane, kind of clerical tasks that associates had to do, to enable them to be member facing. Scan & Go allows you to you to take associates out of the front end and put them into club fulfillment. So, when you look at it 43% increase in top line over the last three years and we've held our headcount in the club 100% flat. The only way you can do that is by using automation and like digital assets to enable you to be able to get the productivity of the associate base.

**Q - Peter Benedict** {BIO 3350921 <GO>}

Yeah -- no, that makes sense. Maybe you can talk lot about what's going on in the wage environment. Access to labor has been an issue. You said you guys are using automation to maybe change the roles that you have and maybe provide your associates with higher-paying jobs.

**A - Kathryn McLay** {BIO 20989984 <GO>}

Yeah.

**Q - Peter Benedict** {BIO 3350921 <GO>}

But just maybe talk a little bit about the labor side of things.

**A - Kathryn McLay** {BIO 20989984 <GO>}

Yeah, we got accredited this last month as a great place to work. And a lot of that comes down to work being -- that we have launched over the last few years to create jobs that associates like. So, how do you put them into a work group, where they can get cross trained? How do we lift our starting wage?

Our starting wage is over \$15. Our average wage is about \$19. And so, we've invested over the last few years to be able to get to a point, where we feel like we're really, really competitive in the wage that we're offering. But we've also designed jobs that they really enjoy and we give them tools that are so intuitive to use that it's kind of delightful. So, gone is the world where you have all these kind of consumer-facing capabilities on an iPhone and then you go to work and you have a green screen. You have to be able to bring the two together. And I think by doing that, we've created roles that people enjoy.

**Q - Peter Benedict** {BIO 3350921 <GO>}

That's great. So, there's three questions we're asking generally just to all of the participants here that we're hosting. Just a view on -- just your consumer and your member, the health, how do you see it over the balance of the year, kind of back half of this year relative to where they are today? Do you think just it remains the same or are you concerned that they're going to be worse, better?

**A - Kathryn McLay** {BIO 20989984 <GO>}

Yeah, I think we have a higher income demographic at Sam's Club; and while that's helpful, everyone has a finite amount of funds that are coming in and there's a lot of pressures on them. So, we are working actively to make sure that we are helping them as best we can. So, I think our eye is on how do we continue to work to be able to get prices in food eaten at home, back more moderated. And I think really make sure that the general merchandise price points that we've got are the ones that kind of fit within their budget.

**Q - Peter Benedict** {BIO 3350921 <GO>}

Yeah, well that answers the inflation question. But how about on inventory? I mean, last year at this conference, that's all I was talking about was how much inventory is out there. Talk about where your inventory position is today, where you see it by the end of this year, better, same?

**A - Kathryn McLay** {BIO 20989984 <GO>}

Yeah. I mean, we ended last year about \$6.7 billion. We were like clean going out of the year into the new season. Q1, we've seen it come down a little bit more, probably just more a reflection of the season and the price of the inventory that we've got versus anything else? I do think that there as we get more productive in the way that we're flowing inventory, et cetera, we'll continue to see improvements in inventory, but I think we're in a good place at the moment. So, I don't see any kind of major snag in that in the future.

**Q - Peter Benedict** {BIO 3350921 <GO>}

Okay. And just in the last couple minutes we have, Sam's Club is part of the broader Walmart organization. Maybe how should investors think about Sam's Club's role in helping Walmart kind of achieve the goals of growing profits faster than sales, stabilizing, hopefully improving ROI; just how do you guys fit into that equation?

**A - Kathryn McLay** {BIO 20989984 <GO>}

I think we're really strong value proposition at the moment. We understand who we are. We're growing top-line, we've got really strong traffic growth, unit growth, we've set up our omni proposition, our prices are the same online and offline, like it's just resonating with members. So, we see a great pathway to continue to grow the top line and we've put in place the building blocks to make sure that we can have a strong bottom line as well too.

**Q - Peter Benedict** {BIO 3350921 <GO>}

Yeah, perfect. Well listen, we'll wrap it up there. Thank you so much, Kath. We appreciate it. And hopefully, you guys can join us in the breakout session to talk with Kath and the team. Join me in thanking them.

**A - Kathryn McLay** {BIO 20989984 <GO>}

Thank you.

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