

BofA Securities 2022 Consumer and Retail Technology Conference

Company Participants

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

Other Participants

- Unidentified Participant

Presentation

Unidentified Participant

Okay everybody. We have seen the biggest Investment for (inaudible) Consumer Conference. I am (inaudible) from BOA Global Research. We're really pleased to have Brett Biggs, the EVP and CFO, Walmart Stores with us here today. If you don't know Brett, I'm pretty sure most of you do, Brett has been with Walmart since 2000, working in several different roles. He was EVP and CFO, Walmart International. He was EVP and CFO, Walmart US Division. He has also worked as both the CFO and later an SVP of Operations at Sam's Club. He was also SVP of International Strategy M&A. So, I think this could be the last time that you appear here because as Brett, I think, plans to leave the Company at the end of this fiscal year after 22 years. So, he is going to be very missed I'm sure from Walmart, but definitely by people like me at BOA. So, Kendall and I feel honored that Brett made it here today; and I want to thank Kary Brunner for showing up as well. But, I'm going to start off with my first question for Brett, which is, can you just walk us through the drivers to over 3% comps and maybe put it in the context of inflation and other things that might be going on for (multiple speakers).

Brett Biggs {BIO 17414705 <GO>}

Yeah, thanks for having me. It's been -- it's a bit real to be back in-person here. I think it's been -- it must have been a couple of years really since we've done this live, so it's great to be back around people and answer these questions live more than what we were doing over the last couple of years. The business as you would have seen in Q4 is performing really well across the company, whether that Sam's, US International. I feel great about the strength of the underlying business.

The 3% comp that we talked about is on top of pretty big number. We've added a significant sales volume to the US over the last couple of years. Walmart US is 15% to your stack over two years. But there are really a number of things that I think get us comfortable with that and some of that is just the evolving nature of the business as

we were seeing people obviously come back in stores for (inaudible) very strong. Our e-commerce business has roughly doubled over the last couple of years with these newer businesses that we're also spending time and resources and seeing good results from those.

As all of those things combine and make us feel good about the business, we've continued to grow market share in food. So that's always been a driver for the company, particularly with the supercenter many, many years ago. But our GM business is strong and we still get good attachment with the GM baskets of food. So when you think about all of those things together and you've heard me say a number of times, Ravi, about our ability to pull different levers, it's all of the levers that we have to pull, but I think makes us feel good about the guidance and good about the business.

Unidentified Participant

Within that, I think your store traffic has remained positive. How much of that is people returning to stores and versus your pickup and delivery continuing to grow so fast and maybe a little help on what you're doing right there?

Brett Biggs {BIO 17414705 <GO>}

Yeah, it's sum of both. Certainly went through a period of time during COVID. The early parts of COVID where people couldn't come in the stores or were choosing to stay home and we've seen a reversal. We saw a reversal of that last year and probably a little quicker than we would have anticipated that the store traffic would come back, particularly in parts of the country it came back more quickly than we would have thought. But, the businesses that we continue to grow, whether you said pickup, delivery, the work we're doing in home, it's all of these different ways that customers can shop with us, go local, that I think makes a difference and continues to get us top of mind with shoppers. That's what we want when we talk about the omni strategy and our flywheel as when customers think about shopping that Walmart is the first place that comes to mind for them because they know whether I want to go pick up my car, I want to go in the store, I want to shop at home, I can do all that with one company and we think we're giving the customer that today.

Unidentified Participant

Speaking of customers, I wanted to ask you the -- I mean you guys probably know the broader US customer better than anybody. So really from three aspects. The first is just what is your customer? How are they responding to just general inflation out there and maybe we could include -- maybe general inflation and then gas inflation maybe two separate, but connected? How does that historically affected your customer and how do you think it will this time?

Brett Biggs {BIO 17414705 <GO>}

We know from our own surveys and things that you read that certainly inflation is on people's minds. They are noticing it. We said this in our Q4 earnings release that the

customer and consumer we still feel like is in pretty good shape and that was part of our guidance that we gave as we came into this year. The increase in fuel prices is going to get people's attention certainly and I'm sure we'll talk about that.

But Walmart, if you look at our customer base, we really span the entire demographics of the United States. We do have a component of our customer that would be lower-middle income customers, but we really span the entire breadth. We think that is beneficial to us as a company that we can do incredibly well like we did in the last couple of years. Now we had tailwinds which we understand with stimulus and other things, but when the customer really needs us we're there with lower prices and we have a price caps in great shape. We are able to fulfil the needs that they have and I think we can do that better than anyone else.

What we've seen historically with fuel prices when they increase as you tend to see a lot of consolidation with shopping trips, you'll tend to see fewer trips, you'll tend to see bigger baskets which again bigger baskets are usually our sweet spot. So as customers need us like they always do, but maybe need us a little more now, we feel like we're in great shape to be there for them.

Unidentified Participant

The other one is just on stimulus. Can you maybe remind us what have you seen last year in February, March, and April when the big stuff hit and then what's the expectation when you anniversary it?

Brett Biggs {BIO 17414705 <GO>}

If you remember, I think we had our Analyst Meeting mid February and then right after that one of the big stimulus was announced. So really, March and April, we saw a large increase in sales and operating income, particularly in general merchandise side and food continued to be steady as it always is, but general merchandise was big. That's why we've talked about first quarter will be down fairly significantly because of last year. But when you look at the two years together, we're in a really strong still to your stack.

Every quarter right now feels a little bit different, somewhat because of what we're lapping from last year as you went through the stimulus and then you had COVID up a little bit in the second quarter and then obviously get in the fourth quarter last year. And that influenced buying habits as well as people, our own associates and their ability to get to work and all of those things. And so as we go through the year, we'll be really transparent about how we're seeing this quarter compares to what we saw last year.

Unidentified Participant

There have been a couple of other large retailers here on the grocery and warehouse club industry. We've asked them about trade down versus trade up.

There hasn't necessarily been trade down seen yet. Is that -- would you say that's true for Walmart also, is the customer trading down or are they trading up?

Brett Biggs {BIO 17414705 <GO>}

We haven't still seen what I'd call a meaningful change and how customers are shopping and there are a lot of things I'm sure that influence that. Unemployment is low, wage rates are high. Savings rates are still in pretty good shape. So a lot of those things will help. Again, I think the great thing for the way that we do business is customers trade call it trade-up/trade-down. We have all the products that they're going to need. We have different price points they got to need. We have private label. We have other things that can satisfy wherever the customer is at that time and I think we're unique in that way.

Unidentified Participant

I'm going to shift over to another thing that we were all hoping. It was going to be less talked about as we move through this year, but now it's back up again, is supply chain. There were some great things you guys did in 2021. I think you guys kind of were saying that you were going to be pretty well stocked for holiday relative and you were. Can you do that again? You guys -- are you the largest importer of merchandise into the United States basically?

Brett Biggs {BIO 17414705 <GO>}

Fortunately for us, about two-third of what we sell or what we sell in our stores is either made or assembled in the US and that helps a lot. So, it's a good starting point for what it takes to stay in-stock. We do import good certainly from different countries. Our merchants are so experienced and our supply chain teams are so experienced. You go back even three years ago, we were talking about tariffs and then you had supply chain issues and so every one of these types of things is different, but a lot of experience has helped us -- helped us weather this probably some better than others.

Still having some longer lead times on things. Still not quite in-stock that where we want to be on every category. You saw our US inventory of 28% in the fourth quarter. I feel good about it, but that indicates some longer lead times and ordering ahead that you might not see in normal times. In general, we feel like parts of the disruption that are getting a little better and we've seen that in the last couple of months. We thought that might happen as we get through the holidays. That is what we are anticipating. Obviously, there're still a number of things going on in the world that could impact, whether that's COVID or other things that are going on and we're going to be mindful of that and continue to have our teams do what they do really well and keep us in-stock.

Unidentified Participant

Are there any -- would there be anything you've learned over the last year or two that would encourage Walmart to look at different ways to do supply chain? Would

you own more of the transportation side of it? Any kind of things like that?

Brett Biggs {BIO 17414705 <GO>}

Probably nothing that dramatic. But the thing -- it doesn't surprise me, but it always amazes me is how quickly and how flexibly the company can move. Looking at everything we experienced in the last two years starting with March and April of 2021, the demand on product was unbelievable and we went from few 100 stores that could ship directly to home to thousands of stores that could ship directly to home in a month. The ability to think about having your own vessels to bring products and the ability to get products off of a shipping line in a different way, all of those things were incredibly creative. So what gives me hope about this current year is that that creativity won't go away and we'll find creative ways to work our way through this. We've seen things in the last two years (inaudible) that we would ever see or ever have to experience and it just gives me confidence in the team that we have that will work our way through things.

Unidentified Participant

What are you guys seeing these days on the labor front? Are you getting everybody you want to get and do you think the wage increases is a kind of every year thing going forward here for the industry or how should we think about that?

Brett Biggs {BIO 17414705 <GO>}

We were able to hire really well for the holidays. We hired a couple of hundred thousand people before the holidays, which is pretty amazing on any scale. And if you go back, Ravi, a couple of years ago, we were pretty proactive in raising wages and our stores and our supply chain as well, and I think we got ahead of some of what was coming. If you look at our average wage rates in stores now, we're over 1640 for hourly wages. Sam's a little higher than that. Our distribution centers will be or supply chain will be over \$20 an hour. So, I think we're in pretty good shape from that standpoint. The things that give me a little bit of encouraging even though unemployment is low, a number I watch quite a bit is the labor participation rate. That seems to be ticking up a little bit, so maybe more people coming back into the labor force that left during COVID. So that would be helpful to get the additional people back into the labor force, but our ability to hire has been good.

Unidentified Participant

When you raise wages and when you see larger employers across the US raising wages, I mean how quickly do you see that show up in topline of Walmart US?

Brett Biggs {BIO 17414705 <GO>}

First raise wages.

Unidentified Participant

Yeah. When you see wages going up, does it translate to better sales for you guys typically?

Brett Biggs {BIO 17414705 <GO>}

I think you see it probably more pronounced when you're taking more proactive action, like we did a couple of years ago when we were proactive not only around that, but we were looking at benefits around live better you. So the educational service that we had when you're looking at for 1K benefits, when you're looking at things like that and looking at bonus structures. When it's I think a more proactive environment, you tend to see more benefit from that and that's why I'm glad of what we did over the last couple of years. I think it is a signal to your team that you're wanting to invest in them and know that invest in their career is still, I think I could get the number wrong, but I think about 75%. So of our store manager started as hourly associates.

So not only are they looking at pay, they're able to look and see that guy or gal that's my store manager, they started out just like I did and I can do that and make -- have a great career and make a substantial amount of money. I think we have going forward as well.

Unidentified Participant

Okay. Now, we are just going to ask question that has to be asked. Can you just take us through that gross margin, puts and takes, what's it going to be the next couple of years, how high can it go?

Brett Biggs {BIO 17414705 <GO>}

I've gotten (technical difficulty) on gross margin. Yeah, I'll go back to Q3 and we had US gross margins that went down a little bit and I know it garnered probably more attention than I would have been participated for any one quarter. Ravi, I think you've heard me say now for almost seven years, it's really hard to look at one quarter gross margins, so please don't do that. Then in Q3, I think we did that. I felt good at that time that we're going to see Q4 be a little bit different and it was. US margins were up quite a bit in Q4 and there are several things. One, there're just so many things that go into gross margin. And particularly when you get into environment, it's a little bit inflationary. You're going to have some lag at times in the way prices move, in the way you're able to change prices which we've had to take the prices up on some things.

But I feel good about our margin overall and that our mix continues to get better as we continue to have more general merchandise and particularly in our e-commerce business that helps with margins. When you look at shipping costs and the ability to ship more effectively with the capital that we're putting in supply chain, I feel good about that. That helps the contribution margin. When you look at the new businesses or newer businesses that we're in or getting into which is advertising that helps the margins also helps with suppliers and with customer retention. I feel great about our

marketplace business, we added 20,000 sellers. Last year, I think we'll add another 40 this year.

And that's something that when you get that 1P/3P mix a little bit different inside the commerce business, that helps. So as I look in longer term and we've said that we think gross margins will be a little bit higher next year than they were this year, but I feel good longer-term about where the gross margin of the business could be.

Is quarter-to-quarter going to be exactly straight lined? Probably not because there're a lot of things that go into the gross margin. But as you look at it on a yearly basis or semi-annual basis, I feel good about that.

Unidentified Participant

From a shorter-term perspective, how should we think about things like benefits you probably saw from COVID vaccines in the pharmacy? Any other things that we should be thinking about as headwinds in the kind of short-term this year?

Brett Biggs {BIO 17414705 <GO>}

Yeah, like I said, there are so many things from last year that every quarter we have to come out and help you and remind everybody we had this year, we didn't have this year, not quite business as usual as we would have seen a few years ago. So there are some things like that. There will be a little bit of headwinds last year, but we've got some -- versus last year, but we've got some businesses this year that are bigger than they would have been last year that are going to help. Marketplace has gotten bigger. Our mix continues to improve. I think all of those things will play out positively as year goes along.

Unidentified Participant

And then I think you warned us to at least expect a little bit of deleverage this year. Can you kind of walk us through as much as you're allowed to on the detail behind that?

Brett Biggs {BIO 17414705 <GO>}

You'll remember you go back six years ago when we came out and said we're going to invest some in stores and then e-commerce. We did that, but we said we feel good about the business going forward to drive top line. I think we've done that. But it was at that time I think we took another sharp look at our cost culture inside the company, which has always been a hallmark of Walmart. I still feel really good about the cost culture that I see inside the company. There are things that are certainly higher than they were last year. Wages we've talked about, we were lapping some wage investments that we made last year that won't fully lap till we get into kind of the middle part of this year.

COVID costs were up again in the fourth quarter, but if we don't get another variant, I expect those will get back to a little more normal level like we saw maybe in Q2 and Q3. Supply chain costs, we'll see how that goes through the year. We had some elevated costs in Q4 that we certainly don't anticipate of being at that level throughout the rest of the year, but we'll see how that goes. If you strip out those big elements and just look at the general cost base of the company and looking at it longer term, I still feel good about it. I still feel good about our ability to leverage. You go back two years ago, we said we thought we can lever 20 basis points or so a year. Take out some of what we've seen in the last couple of years, I still would have felt good about that number. And, we'll continue to invest in a way that's healthy. The best way, of course, to leverage expenses is to just keep the top line higher, and I feel good about our ability to do that long-term.

Unidentified Participant

And then maybe within that top line, how should we -- does this Walmart's approach to price increases change if it starts to look like inflation is going to be a multi-year mid-single digit plus situation? I don't know how far back we have to go, but I'm sure there was maybe in the mid '80s. I think it might have been in an environment like that, what was Walmart's approach to it?

Brett Biggs {BIO 17414705 <GO>}

You and I were really young.

Unidentified Participant

I know. I've been reading a lot of history.

Brett Biggs {BIO 17414705 <GO>}

Walmart a long time, not that long.

Unidentified Participant

But what's the approach to regular inflation, if we do go into area?

Brett Biggs {BIO 17414705 <GO>}

It's tough with hypotheticals, but I can tell you how we talk about it internally and there are certain cost increases. You're going to get -- you're going to see whether the commodity prices are going up. First thing we will do is work with our suppliers to keep their cost increases as low as possible. So that's what we need and to keep prices lower for customers. So that's the first thing we are going to do, we'll be working with suppliers. We have taken some prices up. The good thing is we have such a large SKU count and a large basket that we can take it up, I think strategically in ways that that hopefully impact customers less than some of our competitors do.

But our mission is to save people money and that can take on a different meaning a bit when inflation is a little more persistent where we still from a competitive standpoint will be where our customers need us to be. We also have to be thoughtful shareholders and obviously we do that. I think we're at a point right now and where I think we're doing a good balancing act of taking care of customers as well as thank our shareholders. I think you saw that in the fourth quarter with the way the P&L was managed. I think we'll consistently be able to do that.

We are -- you'll hear Doug say where inflation fighters for our customers and we view it that way, but we also know if shareholders that we have to take care of our price capture in great shape, which I think gives us optionality on how we can continue to take care of that customer. It gives us more ways to do that maybe some of our competitors and our merchants are very, very focused on those price gaps.

But if we can get price gaps where we think they need to be to be good for the customer, we continue to take market share which is really what you saw in Q4. You saw it in Q3 too. It just looked a little different in Q3. I feel good about our positioning that we can do -- we can fulfil our mission so people might they live better and fulfil our mission with the shareholders.

Unidentified Participant

That makes sense. I think we're going to shift over to e-commerce and maybe I'll start with just a broader question on it and then I think Kendall has a bunch of follow-ups. How should we think about the -- it looks like penetration is dropping for the industry a little bit versus on a year-over-year basis. How are you guys thinking about 2022 e-commerce versus in-store?

Brett Biggs {BIO 17414705 <GO>}

2021 was pretty amazing when you look at the growth rates in that year. I think everybody know you probably won't have those growth rates over again. Again, people came back to stores a little more quickly than we would have thought. 2023 (inaudible) people I think in fiscal year. Calendar year 2021, people came back in the stores more quickly than we would have thought, so already e-commerce number growth rate would have been a little bit lower than we would have anticipated and you would have seen that. But over two years, basically still roughly double the business.

So penetration was -- it's going be hard to replicate the year before. The great thing for us and I kind of answer every question this way, so I'm sorry, but the great thing for us is the way we have the business structured right now with stores, with e-commerce, with delivery which really nobody has that. And so, we're somewhat ambivalent to how customers want to shop. There are parts of that that are more profitable than others, but it's our job as management to let the customer shop the way we want to and then we've got to make the P&L work.

And, I feel no concern that we can make that happen. I think e-commerce can continue to grow. There's no doubt about it. But people are going to continue to shop in stores and they'll come back in droves into our stores, which is great for us.

Unidentified Participant

And we will turn this way now.

So actually on making P&L for e-commerce work, can you just remind us to what extent has Walmart been able to improve e-commerce profitability over the past few years versus how much do you expect that you can -- that you can continue driving improvements over the next few years?

Brett Biggs {BIO 17414705 <GO>}

Yeah. We've been really focused on our contribution margin rate and that's continued to improve and there are several things that drive that mix is really important. So, we sell more home and apparel than you do, cans of corn and that's really good for your product mix and it helps with margin. Variable cost is something that we look at all the time, which is how much cost to process ship in order. That continues to come down for us. I think with the capital that we're going to spend over the next few years that will continue to come down. I feel very confident about that. And then, there are services like Walmart Fulfillment Services which part of the capital that we'll be putting in over the next few years is going to be around that as well. Increasing our ability to fulfill that or additional capacity to fulfill that for our sellers, that's going to be a big leverage point for us in the future and then continuing to grow third-party. So marketplace we're putting a ton of effort into that. We're making progress I mentioned earlier with the skew count, with the number of sellers. All of those things if they're moving in the right direction, we will improve contribution margin and that's what we need in all four of those things right now (inaudible) direction.

Unidentified Participant

That's helpful. And then shifting gears a little bit. I want to see if we could talk about some of the alternative profit stream opportunities for Walmart. You guys had mentioned things from digital advertising to financial services and healthcare. What are you most excited about for 2022 and maybe by 5 to 10 years down the line?

Brett Biggs {BIO 17414705 <GO>}

Yeah, they're all great. You can talk about -- you can talk about marketplace (inaudible) services, advertising, fintech, healthcare, data monetization. There are less than two handful of initiatives that we've spent a lot of time over the last few years. I think all have a great chance to scale and they all fit really well inside of our business. The great thing is when you have less than two handfuls, one, there's not too many of that you can focus; but also, not all of them have to work exactly the same way for you to have a successful business. Some of these will work way better than we ever anticipate and there'll be one or two that maybe don't work as well as we think, but

they all have a great base and strategy behind them. There may be feel good about it. Advertisers are the one that's probably taken off the quickest of all of those and we've talked about we have over \$2 billion business. Now, I think that's a price people will hold when we talked about that last quarter, but that's something that can continue to ramp.

With all the eyeballs that we have on our site and our stores with advertisers, it's a very natural outflow what we do. I'm on the Board of our fintech JV and I work a lot with Omer Ismail [ph] and Mickey Marco [ph] who were two of the best in the industry, and we've just announced a couple of acquisitions that we hope to close soon that I think can really change the way that we interact with our customers on financial services and get more involved in their lives. So, I'm very excited about that. We talked about marketplace a bit of fulfilment services, that can really be game changing for the entire e-commerce business. We have a great e-commerce business today and it's growing, but those kinds of things can really be an accelerant to that business. And then healthcare is a business we've been in for a long time. We have a big healthcare business already and we are (inaudible) trial diagnostic labs and all of those things have the potential on their own to be pretty big businesses for the company, but they all tie in really well to how we interact with our customers.

I wouldn't anticipate us doing something that would surprise investors or analysts that if you look at the business and I literally can't figure out how that ties to Walmart's business even if it were a great business financially. It's got to be something that ties in with our customers and each one of those. I can lay out the strategy for you and think about what the P&L could be and be very excited about it.

Unidentified Participant

Got it. That's helpful.

Brett Biggs {BIO 17414705 <GO>}

So I can't choose at this point. I'm sorry.

Unidentified Participant

I was just going to ask as a follow-up on digital advertising. Since you guys have partnered with the Trade Desk, I think it was around a year ago. Maybe can you just remind us what some of the key changes that you've made in the business to be able to start scaling it and then what some of the key obstacles that you are still working to address in order to continue growing the business?

Brett Biggs {BIO 17414705 <GO>}

With that partnership and with that business In general, it's how do you make that easier for your advertisers, how do you make it more self-service, how do you get them the access they need to your space, but also spaces outside of your properties that you own; how do you help them advertise even outside of your properties and

then most importantly how do you measure it. That's the holy grill for advertisers, how do you measure that what they did actually led to a purchase and that takes adding new tools, adding new capabilities. Those are things that with Trade Desk and with other things that we've done, making it simpler, making it more on demand and being able to make it more analytic for the advertisers is the name of the game there. I think the \$2 billion business is indicative that we've been able to do some of that and it's not just in the US, things we're doing in India, Mexico, Canada. All of those markets can utilize what we're doing. So, I think it's going to be something that business going to be very global for us.

Unidentified Participant

That's helpful. And then I guess if there's anything else you could share in terms of what Walmart is doing in insurance or maybe it's more on what different kinds of financial services you see Walmart's opportunities and what are some things you're working on for 2022?

Brett Biggs {BIO 17414705 <GO>}

That insurance business basically we are a broker of sorts. It is something that fits pretty nicely at the intersection of healthcare and financial services. It's really both. And as again as part of helping our customers buying the product that's right for them at the right price point for them, it's a confusing business. I mean buying insurance can be confusing. There're a lot of options and if we can make that simpler for our customers and we can get them a better price point for the product that they're buying, it just fits incredibly well into our mission and where customers need help in their lives.

Unidentified Participant

And I'll see if Ravi has any follow-ups on some of your alternative profit streams. And then I know Ravi also had some questions on Sam's Club and International.

Brett Biggs {BIO 17414705 <GO>}

Those are pretty big businesses too.

Unidentified Speaker

Yeah. They are. Just sort of a sidebar -- fintech, what should I be thinking when you say fintech?

Brett Biggs {BIO 17414705 <GO>}

Yeah, it's broader than that actually. That's a good point. I say fintech because that's what everybody kind of recognizes these days. But it is how do you make the financial part of people's lives easier, how do you help them manage their own P&L, how do you help them manage their memberships, their subscriptions, just the way

they integrate with life. We have so many touch points of that customer that these are all kinds of ways that we can do that. And one of the acquisitions that we've taken on is called one and that's actually what we're going to take on as the name of our entity as a great app. So it's not just a service they do today, it's what can you do with that app to make it bigger and get more integrated and with people's lives, and there are so many ways to do that. We think about what people do every day just managing their own household and memberships and subscriptions and their own finances. It's complicated and there're lot of things that come at them and again if we can make that easier for them, that's what we want to do and just. The benefit for us of course is that it just get more and more into our ecosystem.

One of the first trips I took to India would have been in mid 2016 maybe. First time, I visited with -- a little bit later in that -- with PhonePe and Flipkart. Some of the things that they were doing already I came back to Doug and I was like "hey, all the stuff we've been talking about on kind of helping people integrate with lives, I've seen in India what PhonePe and Flipkart are doing." We've taken learnings from there and and though I think they'll be more integration with International over time.

Unidentified Participant

Fintech would be integrated with the Walmart app itself or would you be doing separately?

Brett Biggs {BIO 17414705 <GO>}

I think all things are possible at this point. We're obviously going to want to make it as easy as we can for consumers. We've done as you know a lot in the last couple of years to try to make our app simpler integrating Walmart pay better into our app. You have to do that. And so, you would assume that there are things that we can do to make that simpler as well with financial services.

Unidentified Participant

We look forward to learning more about that over the next few years. Sam's Club is kind of (inaudible) right?

Brett Biggs {BIO 17414705 <GO>}

I think we have done really well there 10 years ago. Way better now than it was 10 years ago.

Unidentified Participant

It makes the CFO Walmart's life easier when Sam's Club is humming, right? (Multiple Speakers)

Brett Biggs {BIO 17414705 <GO>}

It's a big business, a highly cash generative business. The thing that Sam's has done well particularly in the past few years when Furner was there and now with (inaudible) there is it's been a great place to develop talent. It's been a great place to develop technology. Things we've done with Scan and Go there. We've learned from Sam's about things we could do at Walmart. The way they are interacting with their member, there's learning certainly if what we're going to do with Walmart Plus. But they've been a \$75 billion business. That seems kind of small because it feels that we are inside a Walmart. The \$70 dollar business that really has been an incubator of ideas for us and it's been great. I've never seen that business performing as well that is right now. New members -- as you can get club store, you get more business into them. They become more dense. It's much easier to run the club. Everything about Sam's hums as you get volume buildings and I'm really proud of what they've done.

Unidentified Participant

Anything we should think about there about comparisons or -- and obviously Sam's largest competitor doesn't seem to be slowing down at all?

Brett Biggs {BIO 17414705 <GO>}

No. The Warehouse club business has been a great business. The last 10 years, it's been a fantastic business and BJ's has done well (inaudible) obviously done really well, but Sam's is holding its own really, really nicely. It's a great business.

Unidentified Participant

Then back to the kind of puts and takes questions. In International, anything you can help us think about like going on in International these days? What are the -- how should we think about upside-downside in 2022?

Brett Biggs {BIO 17414705 <GO>}

I like the structure of the portfolio. We've taken some tough choices over the last few years to to reduce our exposure to some markets. But when you look at the four largest markets now, I look at all of them and see great potential. Mexico Walmex is just one of the best retailers in the world. It's a phenomenal business, multi-format, e-commerce. Gi [ph] and his team are doing an unbelievable job and it's another one that just hums. So really proud of Walmex.

Canada has been a business that has been a very steady business for us, very high return business for a number of years. But they're thinking outside the box as well. Some of the things you hear us talking about in the US with the ecosystem and new businesses, they're doing the same thing up in Canada and interacting with their customer in a different way. So, I feel really good about what's going on in Canada with (inaudible) and his team up there.

India, you hear us talk a lot about Indian Flipkart and PhonePe continue to perform well. It's a very competitive market. We know that it will continue to be competitive,

but I like our positioning there with both of those businesses. And so, I think you'll continue to hear great things about India in our portfolio.

China business. Sam's in China is another one that hums. That is a fantastic business in China. The super centers have been a little bit slower than the club business and then we have our joint venture -- with our partnership of JD over there. We are a part of that company, which has been great from an e-commerce perspective.

So as I look at each one of those markets, I feel good about International being a higher growth and higher return part of the business.

Unidentified Participant

Okay. I'm going to pause and just see if we are running out of time. Are there any questions in the audience?

Brett Biggs {BIO 17414705 <GO>}

You asked all the good questions.

Unidentified Participant

Apparently, I did. Anything you want to leave us with that we have not covered, that you think we should be thinking about?

Brett Biggs {BIO 17414705 <GO>}

We always appreciate the interest in the company, I promise you we don't take it for granted. As we may make decisions, we spent a lot of time obviously talking about how it impacts our customers, how it impacts our associates, but it's been a long time how it impacts our shareholders and then how you will be impacted by decisions we take and obviously we want you to always be impacted positively by decisions that we take. But we appreciate your patience as we've made investments over the past few years. I think those investments have paid off. We're going to continue to make investments in the business and also believe those are going to pay off. I'm leaving the company after 22 years, but I have never ever felt as good as I feel right now about Walmart. It's in a great position financially. It's in a great position from a competitive standpoint. I feel wonderful about the team and I couldn't be more proud of the Company.

Unidentified Participant

Is Walmart going to do an in-person annual meeting this year?

Brett Biggs {BIO 17414705 <GO>}

That's something that Kerry is still working on I think. We're always going to -- I think pick the right time. We feel like it's the right time to bring everybody and talk to

them about what we're going to do. We did the quarterly earnings call, which we didn't (inaudible). So hopefully you find that good, but at the right time we will always bring everybody together.

Unidentified Participant

I was just hoping I could see on (Multiple Speakers)

Brett Biggs {BIO 17414705 <GO>}

I'll leave that up to them.

Unidentified Participant

I will listen. Thank you again for coming to the conference. It is a great presentation.

Brett Biggs {BIO 17414705 <GO>}

Thank you very much.

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