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Walmart, Inc. (WMT)

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CORPORATE PARTICIPANTS

John David Rainey

Chief Financial Officer & Executive Vice President, Walmart, Inc.

OTHER PARTICIPANTS

Bobby Griffin

Analyst, Raymond James & Associates, Inc.

MANAGEMENT DISCUSSION SECTION

Bobby Griffin

Analyst, Raymond James & Associates, Inc.

Well, good morning, everybody. Thanks for joining us at our 44th Annual Institutional Investor Conference. For those who don't know me, I'm Bobby Griffin, cover consumer hardlines retail here at Raymond James. And this morning we're pleased to be hosting a fireside chat with Walmart.

With us from the company are EVP and CFO, John David; Senior Vice President, Investor Relations, Steph Wissink, and Senior Director of Investor Relations, Kary Brunner. First, all three of you guys, I appreciate the support and thank you for being here. You guys have been long supporters of this conference.

I'm pretty sure everybody in this room knows what Walmart is, but just quickly, if anybody doesn't. It's the world's largest retailer, over 10,000 stores, over \$600 billion in revenue across really multiple countries in the world. 70% of the revenue comes from the US between the Walmart US concept and Sam's Club with about 30% from the international locations.

So with that, we'll kind of dive right in. John, David, thanks again for being here, though.

John David Rainey

Chief Financial Officer & Executive Vice President, Walmart, Inc.

It's good to be here. Thank you.

QUESTION AND ANSWER SECTION

Bobby Griffin

Analyst, Raymond James & Associates, Inc.

Q

Yeah. So clearly a lot of cross-currents in the environment right now, but Walmart delivered another solid fourth quarter. So maybe, just to get us started, can you talk about some of the interesting takeaways of what you're seeing from your consumer and kind of where the consumer is today?

John David Rainey

Chief Financial Officer & Executive Vice President, Walmart, Inc.

A

Sure. Well, clearly, the consumer has been discerning. Given some of the inflationary pressure, we see a shift from general merchandise to grocery. We've also seen a noticeable shift in terms of the share gain for us in grocery. I think very importantly, we're seeing convenience really resonate in this environment as well. One of the things we talked about on the last conference call, earnings call was that our scores for consumer mindshare around convenience are actually on par with price right now, which is a first for us. And so we're quite excited about that.

But there's – obviously, people are projecting each day like when and if we'll go into a recession, we're very cautious. We recognize that there's a lot of uncertainty in the environment right now. But I think importantly, we're a company that's positioned well in any type of environment. If the consumer is going to continue to be pressured with less disposable income, we think our value proposition resonates. On the other hand, if we get into a better economy that has more growth behind it, a lot of what we're doing really plays to that, importantly, around convenience and some of the things that we're doing in that area.

Bobby Griffin

Analyst, Raymond James & Associates, Inc.

Q

Okay. And then maybe dive in a little bit more. You guys, with the last quarter release your fiscal 2024 guidance, kind of what – inside that guidance, what to assume from kind of some consumer behavior or even inflation side of things? And then, as a second part, all of us retail investors remember that, the inventory challenges that happen in calendar year 2023. So how is the team planning from an inventory standpoint this year?

John David Rainey

Chief Financial Officer & Executive Vice President, Walmart, Inc.

A

Sure. Well, our guidance assumes that inflation or let me put it this way, that prices stay high. We're not necessarily suggesting that they continue to increase at the rate that they have, but the overall price levels will remain high. And so that puts us given our categories with inflation, a little more than 3% for us for the year. And then it's very dependent upon category. Food is persistently high, particularly when you look at year on two-year stacks. General merchandise has started to actually deflate in some categories. And then we're seeing some disinflation in other categories.

But to your point on inventory, we feel like we're in a much, much better position with our inventory relative to where we were a quarter ago, but certainly, relative to nine months ago, our inventory level was flat at year end, and actually down 3% in the US. There are still some problem areas, I'd point out electronics, home, apparel continue to be ones where we're seeing the effect of discernment by the consumer, where they're being selective with some of those higher-price point items, because more of their disposable income is being spent on food.

Bobby Griffin

Analyst, Raymond James & Associates, Inc.

Q

And then we're kind of come in the last two quarters, I think in 4Q, roughly 50-ish-percent or nearly 50-ish-percent of grocery gains were higher income customers, maybe even a little higher in 3Q. Can you talk about what you're seeing from those customers? Are they shopping the other side of the store? And then I think more importantly is, what opportunities are there to retain those customers, because some of them might be newer to Walmart?

John David Rainey

Chief Financial Officer & Executive Vice President, Walmart, Inc.

A

Sure. Well, we have seen about a 50% of the share gain was with high-income consumers in the last quarter. In the prior two quarters that was north of 70%. So really excited about our value proposition resonating with them. But to the point I mentioned earlier, Bobby, convenience really matters. And I'll give you an indication of one of the growth areas of our business, but it's delivery from the store. We talked about this a little bit on the earnings call. Delivery from store has tripled in volume, almost tripled in volume over the last two years and in the month of January was well over \$1 billion for us.

And that tells you that consumers – our value proposition is resonating with them. And again, that convenience is something that appeals to every income demographic. And so, we're certainly leaning into this area with a lot of the investments that we're making, a lot of the changes in the business mix that we have, leaning more into e-commerce and things like that, that I think will hopefully enable us to retain that consumer over the long term.

Bobby Griffin

Analyst, Raymond James & Associates, Inc.

Q

And Walmart sales is – obviously 60% of sales or so from grocery, but a huge general merchandise business, too. There's many different categories in there. We've seen some pull-forward behavior in the pandemic, obviously. But when you look inside the categories, you're starting to see some of the durable goods, maybe show some signs that we're getting through, kind of what I would label as maybe the overearning phase and starting to level out from a demand point.

John David Rainey

Chief Financial Officer & Executive Vice President, Walmart, Inc.

A

Well, there's still pressure, as I noted, in certain categories of general merchandise. And if you look at the impact to our P&L last year, probably the two biggest or most pronounced areas were around markdowns and the mix change in our business from GM to grocery. That persists or continues into this year, not to the same magnitude on a year-over-year basis as what we experienced last year, but we're certainly expecting that to continue. And that's a hard thing for us to figure out because that's somewhat dependent upon consumer behavior and how they react to higher inflationary categories. But pulling it up a little bit, I would say this is a big opportunity for us going forward. We are more dependent on our grocery sales today than GM.

But one of the things that we're doing is with our expanding marketplace and growing that, that allows us to sell more third-party merchandise, to have more assortment, which tends to carry a higher margin, at least in the US than grocery. And so, again, this is another way that the composition of our P&L will change over time.

Bobby Griffin

Analyst, Raymond James & Associates, Inc.

Q

And then I guess maybe let's switch gears. Let's move on to another very important topic, supply chain for Walmart. I guess maybe first, to start, just kind of recap where we are in the supply chain today and you know,

costs coming down, container ship costs coming down and we're getting back close to – I don't want to use the word normal, but somewhat close to normal again. And then we can kind of build off that.

John David Rainey

Chief Financial Officer & Executive Vice President, Walmart, Inc.

A

Yeah. A lot of the supply chain pressures that we faced last year created some onetime costs that are somewhat tailwinds this year. Certainly, when you look at categories of supply chain, shipping, trading, whatever it is, we've seen as much as a 50% decrease in some of those categories. So that'll give us a benefit to our P&L, probably more pronounced in the first half of the year on a year-over-year basis than the second half of the year as things started to correct a little bit more.

But I think supply chain is sort of a bigger area that we're investing in. And when we talk about supply chain for us, like the back of our stores, what we're doing in our e-commerce fulfillment centers, things like that, where we're investing a lot to drive some of the benefits over the longer term.

Bobby Griffin

Analyst, Raymond James & Associates, Inc.

Q

And then before we may move on to that, I mean, it seems like we have some puts and takes. Obviously, within 2024, you got supply chain costs coming down. I think there's a LIFO headwind that we're going to be facing as well, cautious consumer. Anything else before we kind of move into some long-term initiatives that you'd like to maybe flag to keep in mind?

John David Rainey

Chief Financial Officer & Executive Vice President, Walmart, Inc.

A

Yeah. So we continue to invest in our associates. We announced another investment about six or seven weeks ago. Certain of our associates within the US that has some year-over-year pressure but is the appropriate thing to do for our business. You noted the tailwind of supply chain mix continues to be, I think the biggest uncertainty for us because of its dependency on what happens with consumer behavior. But longer term, we're focused on what we can execute on and what we can control.

As I noted, I think we're a company that stands to do really well in any type of economic environment. And I think some of that is obscured this year by some of the pressures in our business, but we really like what we're seeing in our business and what the next few years hold.

Bobby Griffin

Analyst, Raymond James & Associates, Inc.

Q

And then, yeah, maybe let's switch go back to the supply chain side of things and really kind of the future of it from an automation standpoint. [indiscernible] (00:08:44), when I think about it, I think about you got kind of the back end of the stores and you got kind of the DCs, the e-commerce fulfillment side of things. So maybe let's talk about each one and kind of what's changed and what excites you about the opportunity on each side of it?

John David Rainey

Chief Financial Officer & Executive Vice President, Walmart, Inc.

A

Yeah, well, of all the things, first impressions coming to Walmart eight or nine months ago, this is one that stands out to me as quite notable. And specifically, what I'm referring to is how advanced we are in some of these areas. And these investments that we're making have considerable improvements for not only our cost but the way that our associates work. If you take some of our e-commerce FCs, like we take a 12-step process down to a 5-step

process. This is better for our associates, less manual labor related to that, it's also more efficient. And the more that – the more efficiency we get there, it actually improves the economics around our e-commerce channels. So, that's quite exciting.

But for me, when I look at something, I'll give you an example like a perishable DC. And we make a certain investment around automation there, and we have projections around the improvements that that will make in terms of throughput cases per hour. And what's exciting for me is since we put these in place, we're actually seeing that the throughput is significantly better, almost 50% better than what we had assumed in some cases. That directly translates to a higher IRR or ROI related to that. And so these are investments that benefit not only our associates but the investor as well as we see our – the efficiency comes through our P&L. And the ones that we actually frankly want to do more of, because there's a very high return on these things.

Bobby Griffin

Analyst, Raymond James & Associates, Inc.

Q

And then we're kind of maybe use a baseball analogy number, what inning are we at in for these investments in? One of the questions we get a lot is, is it table stakes just to keep costs under control or does it actually flow in to the bottom line where we kind of changes the algorithm maybe of the business?

John David Rainey

Chief Financial Officer & Executive Vice President, Walmart, Inc.

A

Yeah, we do think it's the latter that this has the opportunity to significantly improve over the coming years. We've made a lot of investment over the last several years. We'll continue to invest in these high-return areas that have a very clear payback. But I think we're in a different spot than we were 5 or 10 years ago, where we clearly had some gaps that we needed to address, whether it be in pricing or investments in our associates.

And so, as we sit here today, we'll continue to invest. But we're at this inflection point where we are beginning to see the benefits of these investments, and we hope that you will be able to as well in terms of operating income growth at a higher rate than sales or return on investment increasing. Again, I think the last year has obscured some of the progress here. Notably, I talked about the mix change in our business that affects that, but we're seeing good improvement this year and quite excited about what next year and a few years after that holds.

Bobby Griffin

Analyst, Raymond James & Associates, Inc.

Q

And there's some cross learnings, I guess, across the different geographies or as well as business. As you know, you find a new way to do things more efficient within Walmart US that could translate in international, translate into Sam's Club, understanding that Sam's different business in terms of packaging, size, and stuff, but.

John David Rainey

Chief Financial Officer & Executive Vice President, Walmart, Inc.

A

Yeah, there's a lot of learnings from each of the businesses. I'll give you an example of Sam's. They do a fantastic job with their scan-and-pay technology, roughly one in four customers that shop at Sam's shop by scanning their items individually. That's a great digital penetration and a physical footprint. And I'd argue probably as good as anyone that you see out there. So, excited about those learnings. There's a lot of automation that Sam's is doing in stores or in clubs, rather where we're going – we've got automated bots that are going down the aisle and basically checking whether things are in stock or out of stock, what needs to be replenished.

And that just provides a better overall experience for the associates that are working there, whether or not needing to do some of that more mundane – those mundane tasks, but also drops to the bottom line as well. Internationally, we have a lot of synergies in the supply chain area, particularly what we're doing around purchasing as well. And so, trying to leverage the best of all these various segments to make the whole ecosystem better.

Bobby Griffin

Analyst, Raymond James & Associates, Inc.

Q

I think it's a great segue into kind of the profitability of Walmart and kind of where that could go in the future. So, I mean, I guess maybe first, let's take a step back coming off a year of one of the lower Walmart US margins. We talked about some of the headwinds, but then I guess what's the path to rebuild on some of those headwinds? And then we can dive into, I think really the more exciting part of some of these alternate profit streams that you guys are developing.

John David Rainey

Chief Financial Officer & Executive Vice President, Walmart, Inc.

A

Sure. Well, there's two big areas that I think, if I were investor, would be a big part of my thesis to invest here. One is the improvement in unit economics that we're making by some of the supply chain automation, which is appreciable, where we've got a lot of the fixed cost in place. But the other areas which you alluded to, Bobby, with the business mix change of our company changing over time. Today, the vast majority of our overall profits are attributable to in-store brick and mortar in the US.

If you fast forward five years, we are much less dependent upon that as an income stream. There's some of these other faster growing parts of our business. So, as we begin to grow marketplaces more, have more sellers come to our platform that are selling third-party merchandise, we have a fee for that. If we fulfill that, we also have a fee for that as well. The more we're doing that, the more advertisers want to spend advertising dollars on our platform. Certainly, that resonates with consumers right now. These are faster growing, higher margin parts of our business that just mathematically changed the composition of our P&L to where our operating margins went to go up over time.

Bobby Griffin

Analyst, Raymond James & Associates, Inc.

Q

And maybe let's see, this one's a little bit more open-ended, but there is a lot of bumps, so may be let's dive into a couple. You got the global ad business, fulfillment services, membership. There's a health care initiative as well. There's probably some payment opportunities, too. So maybe which one or two that excite you the most and then I'm sure I'll have some follow-up questions on there.

John David Rainey

Chief Financial Officer & Executive Vice President, Walmart, Inc.

A

Yeah. So they all excite me and they're actually hard to isolate because of the interdependencies in all of them. And the common thread through all of them is a greater digital engagement with our consumer. I think that's where we have not advanced as much as others, perhaps, in the past. We've built our business over 60 years, which has largely been a physical footprint. We've got 10,000 stores across the world, half of which approximately are in the US. But if you consider the future of retail being omni and we certainly are big believers in that, that physical footprint is an enormous advantage where we have just taken the US almost 5,000 stores that are within 10 miles and 90% of Americans.

Going back to this first point around convenience, this really resonates with consumers and it allows us to have these distribution points as consumers lean more into e-commerce over time. So they're all very interrelated. And if you take advertising, the more eyeballs that are coming to your digital platforms, the more advertisers want to spend money. Advertising margins typically range in the 70% to 80% range, I think for a lot of companies. And so, this again, is the faster growing part of our business with a higher margin, which changes the composition of our P&L over time.

Bobby Griffin

Analyst, Raymond James & Associates, Inc.

Q

I guess really two follow ups. One, Walmart has always been intently focused on the customer, lowering prices, giving them the best value. So how do you scale these businesses with that in mind, where it works in that way? And then two, how to us investors kind of grade the progress of these businesses flowing into the P&L?

John David Rainey

Chief Financial Officer & Executive Vice President, Walmart, Inc.

A

Sure. Sure. Well, we're happy to talk a lot more about this at our upcoming Investor Day next month. And so we'll give you a glimpse into some of the progress here. But, our value proposition has always been around saving money and living better. And I think very clearly we've demonstrated the save money part, certainly over this current period that we're in as consumers are flocking to value.

But living better means a lot of things too, that gets into convenience and some of these other areas that we're focusing on, that allow us to tap into a demographic that is maybe a little different than what people have historically thought is the one that skews towards Walmart. So we'll continue to monitor progress with numbers of sellers on our marketplaces, the number of SKUs.

We've got over 400 million SKUs on our marketplace right now, which is quite exciting when you think about the growth that we've seen there over a period of time. The example that I gave earlier with perishable DCs and just – sorry, not perishable DCs with scheduled delivery growing, tripling in the last couple of years. These are data points that I hope give some indication of how our progress is going in these areas.

Bobby Griffin

Analyst, Raymond James & Associates, Inc.

Q

And then as you start to really scale these, you start to see more outside companies come and want to partner [ph] with them (00:17:30), you did – take the membership for example, we saw Paramount come in and you're starting to see, I think Walmart, what is it 230 million customers a week visit. So pretty, pretty big dataset coming in there.

John David Rainey

Chief Financial Officer & Executive Vice President, Walmart, Inc.

A

Well, in the battlefield that we're on, I think scale really matters. I think it really, really matters. And – both in terms of like distribution for consumers and things like that but scale begets efficiency in this area, when you think about some of the efficiency – or some of the investments that we're making.

And you're right, our customer base covers a lot of America. And so people want to partner with us and they're understanding some of the changes that we're making to appeal to a much broader customer demographic than we have historically. When we look at some of the advances we've made in Sam's here recently, that skews

towards a more digitally inclined demographic, a younger demographic. And so, we're quite excited about what we're seeing in these areas of our business.

Bobby Griffin

Analyst, Raymond James & Associates, Inc.

Q

And when you look at these businesses start to become a bigger piece of the pie, do you think it sets up the enterprise to be able to kind of grow the EBIT faster than sales and a wider variety of economic environments than maybe historically?

John David Rainey

Chief Financial Officer & Executive Vice President, Walmart, Inc.

A

Yeah. So, we've been public with this algorithm, for lack of a better term of having 4% sales growth with operating income higher than that. We're not immune to the economic pressure. So, it's tough to say that, yes, we can absolutely commit to doing that in any economic environment. I don't think any company can say that. What we're saying though is that we're positioned to succeed over a multi-year period with those types of numbers. I think and we'll talk more about this at Investor Day that the opportunity is far in excess of that, particularly on the operating income line when you look at the returns that we're seeing around some of these investments that we're making.

Bobby Griffin

Analyst, Raymond James & Associates, Inc.

Q

And I guess I want to follow up one of your comments in the last call about growing the absolute dollars of free cash flow. And I guess maybe put that in the context of capital spending or some of these capital investments starting to hit what I guess you would deem as an inflection point with ROIs really starting to accelerate?

John David Rainey

Chief Financial Officer & Executive Vice President, Walmart, Inc.

A

That's true. And to me, that's like a really exciting thing as a CFO, because many times when you undertake a big capital investment, you're kind of holding your breath to see is it going to have the returns that we had expected? And what we've done, we've already started some of these capital investments. And as I noted like with the perishable DC example, we're seeing the returns that are actually better than what we expected, which give us conviction that we need to scale these things and it will have the payback that we want. So quite excited about that.

Bobby Griffin

Analyst, Raymond James & Associates, Inc.

Q

All right. And then maybe – we've got about 10 minutes left, so a couple other topics I want to hit. Also can't get out of here without talking about Sam's. Sam's has been putting in some pretty impressive performance, starting to grow units again. So maybe talk about what you're seeing there and kind of what the opportunity is to start growing clubs again?

John David Rainey

Chief Financial Officer & Executive Vice President, Walmart, Inc.

A

Yeah. So we are quite proud of what Sam's has done over the last three years. For 12 consecutive quarters, we've had double-digit comps. And we just noted that we're expanding our stores again with 30 stores that we're

adding over the next several years or 30 clubs, I should say. And, look, when you've had three consecutive years of double-digit comps, I think that supports making a metered appropriate investment in this part of the business.

We'll be disciplined here. We're not going to get out over our SKUs. This is a multiyear investment, but there are so many things that are going so well at Sam's. I've talked about the scan-and-pay technology. There's many other examples of that where we're just we're quite pleased with the progress that they're making.

And I think it demonstrates that the value proposition around Sam's is really resonating with customers consistently. This is not just in a defined period over the last 12 months where we've seen higher inflation. This is consistent performance year after year after year.

Bobby Griffin

Analyst, Raymond James & Associates, Inc.

Q

Okay. And maybe let's talk about international for a little bit. And, first, it seems like a lot of the heavy lifting on the international portfolios may be behind us. So you've exited a few markets. I don't know – one, do you kind of agree with that and see it the same way? And the, two, for the hypergrowth markets, how does the team approach balancing, A, the long term opportunity that these markets can lead to with the China, India versus the near-term pressure could be to invest in that market and kind of risk weight-adjusting those returns?

John David Rainey

Chief Financial Officer & Executive Vice President, Walmart, Inc.

A

Well, first, I'll say just broadly on capital allocation, and this is not necessarily with respect to international, but with the entirety of the Walmart ecosystem. We're always looking to maximize valuation and the return on the dollars. And so that includes divesting as you noted that we've done some in the past and investing in some areas, and we will continue to be very disciplined with both those going forward to make sure that we have a portfolio of products and segments that maximize the valuation of the company. So I think that's very important for us.

You noted China and India, really excited about both those markets, excited about what's going on in our other markets as well. But those are two markets that certainly are faster growing. India, we have Flipkart and PhonePe. I was in India just last year right after I started Walmart to meet with those teams and understand what they're doing. And both really exciting opportunities. Both have large portions of market share there. And I think the opportunity and what I guess believe India is going to be the largest market in the world this year, surpassing China. It's a really promising opportunity in the future.

Bobby Griffin

Analyst, Raymond James & Associates, Inc.

Q

And then I think Sam's Club having great – some really strong success in China, China is reopening. I think you're seeing kind of a shift in consumer spending there, maybe towards consumables like we've seen here in the US. Can you maybe talk about a little bit of what you're seeing in the early stages of the China reopening?

John David Rainey

Chief Financial Officer & Executive Vice President, Walmart, Inc.

A

Yeah. So it has been really good. Our Sam's stores in China are two of our biggest and best stores in the entire club network. Quite impressive with what's going on over there and huge opportunity. And that really appeals to the value proposition over there. Slightly different than what it is here, appeals to a little different customer segment as well that resonates.

Bobby Griffin

Analyst, Raymond James & Associates, Inc.

Q

Got time maybe for one or two more topics, but ESG focus from everybody. But I think [ph] one thing that does get lost is the actual (00:23:28) amount of time Walmart does take into focus on its associated stuff. So I guess maybe two-part question here is kind of what are some of the near and medium-term initiatives and what are one or two things that maybe we as investors are missing from the ESG frontend that Walmart intently focus on?

John David Rainey

Chief Financial Officer & Executive Vice President, Walmart, Inc.

A

Yeah. Well, ESG encompasses a lot of different areas but being the largest private employer in the world, certainly I think the area that we're talking about and most notable is around our associates. And we've made a lot of investments there and the focus has been on hourly wages but we're quite proud of the complete suite of benefits and compensation that we provide our associates and the way that we view this as we're providing careers, not just hourly jobs.

We're a people-led business. We focus a lot on some of these supply chain automation investments and the technology that we're doing. But fundamentally, we are people-led and we believe that's been a differentiator for us and we will continue to invest appropriately in our associates to make sure that that continues to be a differentiator for us.

Bobby Griffin

Analyst, Raymond James & Associates, Inc.

Q

And then maybe kind of where we are, labor environment, where it seems like every couple of months we see a retailer announce some type of a wage increase. So where we are kind of in that kind of ongoing pressure more in 2023, maybe a little less than 2022, kind of any comments around that?

John David Rainey

Chief Financial Officer & Executive Vice President, Walmart, Inc.

A

Yeah, six or seven weeks ago, Bobby, we made an announcement about some investments that we were making in our associates within our US stores in certain geographies to make sure that they're being paid appropriately for the work that they have. And this is going to be an ongoing focus of ours. We'll have wage investments virtually every year to make sure that our people are compensated appropriately. And this is a cost of doing business. I think fortunately for us, because we're balancing that with these other investments in our business, we can still do that while seeing dollars fall-through the bottom line and margins grow.

Bobby Griffin

Analyst, Raymond James & Associates, Inc.

Q

Okay. And then maybe in the closing here, I got I think two or three minutes left, but you're relatively new here to Walmart, joined from an outside firm. Just kind of what excites you most about the enterprise strategy and I guess I'll put it in two parts, most analysts always like these two-part questions but...

John David Rainey

Chief Financial Officer & Executive Vice President, Walmart, Inc.

A

Yeah.

Bobby Griffin

Analyst, Raymond James & Associates, Inc.



...just talk about what excites you most in the next 12 months to 18 months and then maybe the long term as well?

John David Rainey

Chief Financial Officer & Executive Vice President, Walmart, Inc.



Well, the 12 months to 18 months, there's – look, there's a lot of uncertainty and I don't think anybody's got a very clear picture of what's going to happen. I think that we're positioned really well because, as I noted, we're going to benefit in virtually any environment. And so I feel like we're safe and secure in that sense and the downside is pretty limited. But, longer term, and look, this has a lot to do with why I came to Walmart, I've got a ton of conviction in the path that we have. I am a believer that retail is going to be omni even more so in the future. And when you think about the set of assets that are required to be successful as an omni retailer, having that physical footprint, but also a strong e-commerce presence and very importantly having scale I think is a differentiator for us. And I like the assets that we have and the cards in our hand and we're looking forward to playing them.

Bobby Griffin

Analyst, Raymond James & Associates, Inc.

Very good. Well, I appreciate the time. Thank you again for the support and look forward to watching the progress.

John David Rainey

Chief Financial Officer & Executive Vice President, Walmart, Inc.

All right. Thanks, Bobby.

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