Walmart Inc.
Investment Community Meeting 2025

Doug McMillon
CEO, Walmart Inc.

Good morning. Welcome to everyone participating virtually. For those of you that are here in person, I hope you enjoyed yesterday's visits.

We really appreciate you making the effort to be here. It's helpful when you can experience things firsthand.

When you put together what you saw yesterday, what you'll see today, and what many of you saw in Florida at our last conference, you can see how different our supply chain and our business is becoming.

We are excited to share what we are doing at Walmart, and how we are changing as a company.

We're executing our strategy to improve how we serve our customers and members, while changing the shape of our business model, and driving higher returns.

This is a long-term strategy and we're still in the early innings.

Before I give an update on our business, I want to acknowledge that the environment we're in is changing, and I know we're all working through how that might influence the choices you make in a business like ours or the investment choices you make.

John David and I will talk more about the short term in Q&A later this morning, but I want you to know how confident I remain in our company.

I've seen us navigate times like the period after 9/11, the global financial crisis, a pandemic and, more recently, high inflation.

While in the short-term we are not immune to some of the effects…we are positioned to play offense.

Nothing about the current environment impacts our confidence in our business or our strategy.

The changes we're making add even more strength and flexibility for our future.

We're focused on the strategy we're implementing and I hope you will focus on that during our presentations.

We'll come back to the short term, but this multi-year plan has the ability to create a lot of shareholder value.

The headlines for today are:

First, we are driving growth by improving customer and member experiences. People are choosing us because we're even more relevant in their lives. We've positioned ourselves to serve people how they want to be served and we're in a set of businesses with a lot of headroom. So, this first point is about topline growth.

Second, we are creating shareholder value by strengthening our business model. We can invest in lower prices, invest in our associates, and invest in technology, while growing profit faster than sales, strengthening cash flows, and delivering higher returns for shareholders.

You'll hear a lot of detail today as the rest of the team shares information about the performance of our stores and clubs, our eCommerce business, including marketplace, and how our newer businesses like advertising and membership are scaling.

I want to invest my time focused on why I believe we're going to be an increasingly successful company over time.

We'll earn more business due to a combination of our purpose, our culture and how we use technology to put our unique assets to work.

As I look around the world, I don't see another company like Walmart. I wouldn't trade hands with anybody.

We're positioned in big markets with a strong set of related businesses.

We're proving we can learn, change and innovate and we know how to execute.

We are an "and" company. We're people and tech. Stores and eCommerce. Innovation and execution.

I like this description of our company. We are a people-led, tech-powered omnichannel retailer dedicated to helping people save money and live better. I'll use this description to frame my time with you today.

I like that it starts with "we." We are a team. As Sam Walton said, the secret is that we're all working together. We believe it will be our culture, our humanity, that differentiates us even more in the future.

So, this description starts with "we" and people-led because we know it's our people who make the difference.

You can see my direct reports on the screen and I want to express my gratitude to them. Each one is an extraordinary leader and the way they're working together to learn, lead change and transform our company is impressive. And it's not just us of course. We have a very deep and experienced leadership team.

Sam Walton moved leaders around and we still are because it expands perspectives, teaches adaptability, develops and reveals leadership skills, and strengthens our culture.

Many of our leaders have crossed business units, functions or merchandise categories. We're developing their digital acumen as well as strengthening their retail capabilities.

We're looking for altruistic servant leaders who enjoy learning, driving change and can't stand to lose. This group is special, and this company is unique.

We have a set of four core values. We respect each other, we act with integrity, we do everything to serve our customers and members, and we strive for excellence.

Our behaviors, which form our culture, are meant to bring those values to life every day.

We're clear on the short list of things that we want to keep and strengthen like our purpose and culture, but we are wired for change on the rest.

We are a ladder of opportunity for people. You can start anywhere and climb as far as your capabilities and hard work enable you to go.

Over the past decade, our investments in wages have helped us reduce turnover and retain talent.

Not only are we investing in wages, cash bonuses and healthcare, but we're also paying for educational certificates and degrees.

You don't have to have a college degree to succeed in our company, but if you want one, we'll help you get one. Either way, we'll help you get the skills you need to advance your career.

We now have more than 1.1 million people with retirement savings in our 401k, and we have more than 475,000 associates participating in our Stock Purchase Plan, up 16% in participation since the 3 for 1 split last year. 81% of those who participate are hourly associates.

Our associates benefit when you, the shareholders benefit.

We have a culture and incentives that encourage people to stay and build a career.

We love that a truck driver now makes up to $115,000 in their first year.

Last year our top-performing U.S. store managers earned more than $500,000 dollars, and more than half of all store managers earned a bonus of $100,000 or more.

Our top-performing market managers earned up to $620,000.

We'll keep investing in our people because, happy associates equal happy customers.

Prioritizing people doesn't mean that we can't be great with technology. We can do both and there's power in the "and." We believe the combination of a purpose-driven, people-centric culture with world-class technology is the winning formula.

We are increasingly tech-powered through a combination of digital and physical capabilities.

Consider how the combination of technology, our vast amount of valuable data, the physical automation we're deploying through our supply chain, and the tools we're putting into the hands of our people, can result in better customer and associate experiences and eliminate or replace tasks.

Our ability to personalize, our ability to anticipate, our ability to better flow inventory to grow sales and reduce costs are different now.

We have the most capable group of technologists that we've ever had and a set of relationships with other companies that enable us to drive innovation with more speed.

We have been using machine learning and AI for many years for customer personalization, to enable our associates, and to improve inventory flow.

Much of that work was driven by traditional, predictive AI.

In more recent years, generative AI is playing a bigger role and we are in the early stages of putting agentic AI to work.

Digital agents will operate independently and manage complex tasks, and physical AI that mimics the complex environments in our stores, clubs and supply chain will help optimize decision-making.

This morning, when you hear one of us say AI, you can think of it as AI in all of its forms.

When it comes to customers, here are two examples.First, we've built a personal shopping assistant named Sparky. Last year, we shared how AI helped us enhance our product catalog and improve solution-based search.

Looking ahead, we're excited to introduce a new way for customers to shop with us. Sparky is an intelligent assistant that does things like help customers explore new products, plan a birthday party, or complete their weekly shopping mission. Very soon, Sparky will be available to all users of our app and site.It's learning and improving everyday.

Second, we've built a tool called Trend-to-Product which helps us with product-to-market speed. Our first apparel collection designed with Trend-to-Product arrived last month. It took out 18 weeks of our typical timeline and we saw strong sell-throughs. Kath will share more about this later.

Using tech to get faster at our scale, without compromising on quality, value and our supply chain standards is really exciting.

When it comes to associates, here are two examples. First, we've built an AI assistant for our merchants and we've named it Wally. It does things like analyze sales performance across stores, markets and channels for our buying team. It can diagnose why a certain item is under or over-performing and help us improve inventory management. It will transform from being an AI assistant to an AI agent that fine tunes our item, quantity and inventory flow decisions.

Second, our developers and engineers have AI tools to aid our development lifecycle from planning, writing, and testing code to data analysis and troubleshooting.In addition to how AI is helping us strengthen our business, we've been getting better at leveraging the tech we build across our business segments and geographies.

We're investing in and becoming stronger with regard to technology while simultaneously remembering that we're in the people business.

Tasks will get automated, jobs will change, and many years from now we'll still employ a large number of people and be happy to do so.

To us, the term omnichannel just means we serve people however they want to be served. We'll be present when and where they want to shop, and we'll be good at all of them.

Customers want four things from us.First, they want the best value on quality merchandise so, as always, everyday low prices are important. Price leadership drives our business.

Second, our customers want pretty much unlimited choice, so our assortment is now hundreds of millions of items and growing over time. Assortment breadth drives our business.

Third, they want to be delighted, whether that's experiencing our merchandise and associates in a store or club, picking something up curbside, having it delivered to their doorstep or into their home.

We're going to keep getting better in-store and in-club through our investments in our team and remodels.

We're going to keep getting better at accuracy and speed with regard to curbside pickup and delivery.

Store-fulfilled delivery keeps growing and is an important differentiator. Having stores and clubs so close to so many people is a huge advantage.
Our coverage of US households with same-day delivery has grown by 22% over the last 2 years.We reach 93% of US households today and are still expanding.

Whether it's being delivered from a store, a club, or a fulfillment center, or whether it arrives on the ground or through the air with a drone, we're getting things to people faster.

The variety of experiences we can provide is unique, and we're doing a better job telling people just how large our assortment has become, and how fast we are at delivery.

Days are becoming hours, and hours are becoming minutes. Convenience drives our business.

The fourth dimension is trust.People want to do business with companies that treat them fairly andtake care of them when there is a problem.

These four dimensions are how we bring our purpose to life. Helping people save money and live better is our reason for being. "Live better" includes helping them be healthier by keeping prices low for fresh food. It includes helping them save by providing easy access to financial services that reduce friction. It includes taking action to protect our planet, and it includes helping strengthen communities with the jobs we create, the taxes we pay, the hours we volunteer, and our charitable giving.

Last year, in the US we donated 752 million pounds of food to food banks, spent $1.1 billion dollars with Veteran-owned businesses, and we have hired more than 400,000 veterans and military spouses since 2013.

We help communities respond and recover when disasters strike.Walmart and the Walmart Foundation have been actively involved in delivering food, water and supplies to communities affected by natural disasters, including in Asheville, North Carolina in September. Communities like Asheville are not just some place we serve. We are a part of the community.

Our purpose, strategy and strengthened financial future are aligned. We've got the right business model design, and we're executing against it.

You can think of our business as a combination of the traditional retail store P&L and a second P&L comprised of our newer, digital businesses that start with first and third party eCommerce and include membership, advertising, fulfillment as a service, and data monetization.

The combination of these two P&Ls creates a third, more compelling P&L with stronger growth, better margins, and higher returns, and that's true across countries and segments.

Over the years, we've demonstrated capital discipline. We've invested aggressively in new growth opportunities like Flipkart and PhonePe...
but we've also closed underperforming stores, clubs and clinics, exited countries, and discontinued businesses that didn't have a clear path to success.

You can see the addition and subtraction beside me.

We are now in a set of businesses that have runway and are complementary to each other. We'll continue to be good stewards of capital.

So, to summarize today's headlines. First, we are driving growth by improving customer and member experiences. We are positioned to serve people how they want to be served, and that will drive our topline. We'll keep investing in our stores and clubs and add some new ones, and we'll get even better with curbside and delivery in its various forms.

We're positioned well digitally, not just physically. We're growing our business not only through our app and site but we're growing via social
commerce, and we'll grow through our personal shopping assistant. We'll be where customers are.

Second, we are creating shareholder value as we evolve our business model and apply technology to improve productivity. We can improve return on investment even as we invest in our future.

We're an "and" company. People and tech. Stores and eCommerce. Innovation and execution. We like our position and we like our plan. We wouldn't trade with anyone. And we are just getting started.

John David, I'll turn it over to you.

John David Rainey
CFO, Walmart Inc.

At our last investor meeting in 2023, we outlined these building blocks of value creation:

Growth, Margin, Returns

We still believe that these are the appropriate focus areas for us today.

If there is a message that we want you to take away from these two days, it is this:

We have fundamentally changed as a business.

We've made years of thoughtful, strategic investments…investments that have positioned us to serve our customers and members through an omnichannel model, which has resulted in a financial model that yields much higher returns.

Importantly, we believe that we have unique competitive advantages that make this durable.

At our last Investor Meeting, we talked about the investments we've made in our business over the last 10 years.

Investments in associate wages. Investments in price. Investments in technology and an improved customer and member experience. And we said that those investments have positioned us to achieve much
more attractive financial outcomes going forward.

We outlined the financial framework that you see in front of you.

We said that we expect, on average, to grow Sales about 4% per year. Some years it may be more, some years it may be less. But on average, we believe that we can grow 4% per year.

And we said that we expect operating profits to grow faster than sales.

In the 2 years since: we have delivered on those commitments. Our top line has grown over 5%, and operating income has grown almost 10%.

And while the market may be a little nervous about consumer sentiment at this very moment, there is nothing that changes our view on our ability to deliver this framework over the coming years.

We find that our investments are yielding results, and our strong profit growth has come with significant contributions from eComm and newer businesses like advertising & data, while profits in stores and clubs also continue to grow.

We still believe that this is the right framework for our business today.

This doesn't happen by accident. This is the result of execution from what we believe is the best group of employees in retail – our associates. Being people led and tech powered is not a slogan. It's one of the things that makes us unique. It is who we are.

Let's zoom out for a second, and take a 5-year view of our business

We've invested heavily in automation and technology, and as a result, we've seen our assets increase about 2.5% per year

Those investments have resulted in a different design for our business, an omnichannel fulfillment model that serves our customers and members however they want.

During this period of time, our Sales have grown over 5% per year, outpacing our asset growth.

We've increased sales by over $150B without adding any meaningful number of stores or clubs, resulting in improved asset turnover.

We are getting more out of our stores and clubs than before.

eComm has contributed to 50% of that growth.

The strength of our underlying retail & eComm businesses has allowed us to grow into newer businesses, and as a result, overall profit growth has been faster than sales growth, at 6% annually.

This improved asset turnover, along with better profit conversion on our sales, has resulted in ROI expanding nearly 200bps.

We have set off a virtuous cycle - investing in the business to drive above trendline growth at higher incremental margins, which in turn allows us to reinvest back into the business, and generate improved financial returns for our shareholders.

This cycle should result in ROI continuing to improve into the future.

Our business has fundamentally changed. In fact, if we put the last 5 years on a page with the next 5 years, I'd argue that the hardest thing to believe on that page… is the last 5 years. Our business …particularly our newer businesses, have momentum.

We are a truly – and uniquely – a scaled, omnichannel retailer. We are one of one.

Historically we've been primarily known for low prices. Today our value proposition extends to convenience, and that resonates with a wide range of customers and members in important markets around the world.

We now serve 93% of America with same-day delivery. In China, the majority of our eComm orders are delivered in less than 1 hour. And we are scaling up quick commerce options in India.

As we've made the necessary investments to offer channel choice to our customers, we are seeing attractive incremental margins that come with more digital business. Our eCommerce business is approaching 20% of sales today, and over the next 5 years we expect it to contribute 50% of our topline growth.

What we have built is a different business model. One that drives improved returns. And importantly, we believe this is sustainable. It is durable.

We have a retail customer base of about 270 million weekly shoppers, one of the world's largest, and a global network of stores and clubs to serve them. Adding digital capabilities, our customers and members now have a variety of options to shop.

The challenge in scaling any digital business is customer acquisition. We had that already, with hundreds of millions of customers and members coming to our properties each week.

Our digital channels now let our customers and members shop with us however, whenever, and wherever they want.

These past few years, we have been investing to transform the shopping experience: in the US, we now offer next-day shipping, same-day delivery and express delivery as fast as 1 hour as options.

We can do this better than anyone else because more than 90% of the US population is within 10 miles of a Walmart store.

What enables all of this is our industry-leading supply chain network and our highly committed associate workforce.

As you experienced yesterday, we have been investing significantly in supply chain automation and in tech tools to empower our associates – thus boosting our ability to operate at scale and speed.

We have a very large customer base and our leadership in high frequency food & staples is the starting point for shopping baskets and it keeps our customers coming back.

We are expanding our assortment, especially in General Merchandise, complemented by our marketplace growth.

Our membership programs, both Sam's Club and W+ have been very popular with our customers and members, and their growth, especially W+, is helping expand our customer base and increase customer loyalty.

To offer a data point on how impactful this can be, total digital spend from our W+ membership base has grown at a rate of 50% over the last year

Omnichannel accessibility, price leadership, assortment and membership programs are a winning combination and are helping us gain share, improve engagement, and build loyalty

We are winning with our customers and that gives us the opportunity to deepen our relationship with our sellers and suppliers and offer them additional services like advertising and data. And our membership base and customer relationship opens the door for the growth of our financial services business.

These businesses - Ads, data, and fintech - have grown at a 40% annual rate over the last 4 years, and I'm going to tell you, that's a good way to think about our growth in these areas over the next 5 years as well.

With that level of growth, these areas will increasingly become a more meaningful proportion of our business mix over the next few years and it's happening across our segments.

We have talked about the key pillars of our Omni strategy, including membership and marketplace, and the value of adding ads, data and fintech on top of that. With the evolution of our business mix and our international presence, this view of Walmart will help in understanding the full spectrum of opportunities available to us.

The orientation of this chart has sales growth on the Y axis, and profit growth on the X axis. Our U.S. stores and clubs are the foundation of our business, and that's where we derive the majority of our profits today.

To that, add our presence in various international businesses, which are growing sales and operating income at an even faster pace.

Across all markets, we are mixing into digital commerce and services; of particular significance is the US eCommerce opportunity and our China and India businesses, which are producing high sales growth and delivering high incremental margins for the enterprise.

These are all highly interconnected, stabilized by a strong physical foundation with several high growth digital areas.

The point that I want you to take away on this slide is this: the fastest growing parts of our business also have the highest incremental margins.

We expect that 2/3rd's of our profit growth over the next several years will come from these digital and high growth businesses.

And that is why we believe that our profits will continue to grow faster than sales.

Our omni strategy combines physical and digital businesses in a way that creates synergies between the two.

Over the last several quarters we've consistently made progress in improving the financial performance of our eCommerce business.

Last June, at our shareholder meeting, you asked about the timing of eCommerce profitability, and we said in the next year or two.

We're pleased to share that this quarter, we are seeing eCommerce profitability in our U.S. business, and are expecting to achieve profitability on an annual basis this year.

This is a milestone moment for our company, and we expect to see the benefits in margins into future years.

To sum it up, we are uniquely positioned with our combination of Omni channel strength supplemented by a growing marketplace and membership count; benefiting from the network effect of our market presence, we are building higher margin ads, data, and fintech businesses and also expanding our penetration in high growth international markets.

Our time-tested operating model emphasizes low prices to customers and cost management discipline, made stronger with our focus on technology and automation. This has taken time to build, but will provide continued benefits over the long-term.

I want to talk about our capital structure for a minute. Over the last 5 years, we’ve increased the level of capital investment in the business. But that has driven improved returns. ROI has expanded over 200bps. Our operating cash flow has increased by almost

50%. And we've done that while improving our leverage ratio, giving us more flexibility going forward. We will continue to invest in the business in high-return projects, like the supply-chain automation that you've seen.

And we'll make the necessary decisions to stop things we should stop.

We will continue to improve ROI. And we will target a leverage ratio in the range of where it is today, maintaining our investment grade rating.

We like our position. This slide is a good framework for how you should think about our business going forward. The orientation of this chart has percentage growth on the vertical axis, and our planning horizon on the horizontal axis.

We are confident in the durability of our business model; and we see a consistent financial framework of sales growth of about 4% per year, on average. And we've told you that operating income will grow faster than sales, leading to margin expansion.

As these newer, higher margin businesses scale, they will have an outsized contribution to our profit growth, which is depicted here.

And we've also said that, as a % of sales, capex should generally be in the range of 3.0-3.5% over the next few years.

This simple, but powerful framework has a lot of potential for shareholder value creation: With profit growing faster than sales, Operating cash flow will mirror that and grow faster than sales. And with capex tied to sales growth, that results in free-cash flow growing even faster. With these excess returns, we have the ability to invest in the business and see outsized returns for shareholders.

And we would generally expect that capital return to shareholders will be in line with the growth in free cash flow.

This is what excites me about our business. This is what excites me about the opportunity in front of us.

And we're just getting started.

Before I wrap up, we know the current operating environment is on everyone's mind. I want to spend a couple of minutes on our expectations for this quarter.

We are one week into this new tariff environment so we're still working through what it means.

As a reminder, more than two thirds of what we sell in the US is made, grown, or assembled in the US.

The third that we import comes from all over the world, but China and Mexico are the most significant.

Our priorities in this environment are to: Keep prices as low as we can. Our team is experienced with managing price over a portfolio of items.

Manage our inventory well.

Manage our costs

For the current quarter, the uncertainty and decline in consumer sentiment has led to a little more sales volatility week to week, but we still expect Q1 sales to be in the range of our guidance of 3-4% growth, which includes a 100bps headwind from lapping leap day

Operating Income has been harder to predict, and we've widened our internal range of scenarios given the current backdrop.

When we guided Q1 in mid-Feb, we signaled that we expected pressure on OI growth, and that remains the case.

Category mix has been less favorable; gen merch sales were softer early in the quarter, but have improved as the quarter has progressed.

We see opportunities to accelerate share gains and are maintaining flexibility to invest in price as tariffs are applied to incoming goods.

Unrelated to the health of the business, we also have a couple of expenses that are coming in higher this quarter, the largest of these is related to casualty claims expense; in total, these expense headwinds are about $200M or 300bps to OI growth

Our guidance for sales and operating income growth for the full year remains unchanged.

We are focused on the long-term. What history tells us is that when we lean into these periods of economic uncertainty, Walmart emerges on the other side with greater share and a stronger business. We expect the current period to be no different.

We will update you on our Q1 performance when we report on May 15th.

But nothing about this current environment changes anything that we are discussing with you today. There is a consistency in what we are sharing with what we said 2 years ago. Our business model is more diversified, more durable, and more relevant than ever in this current environment.

Thank you.

I’ll now turn it over to Kath to discuss our international segment.

Kath McLay
CEO, Walmart International

Good morning.

We have an extraordinary story to tell at Walmart International.

It's a growth story, for sure; it's a story about innovation and the future; but it's also a story about lifting people up – our 500,000 associates and
the 95-million customers we reach across 18 countries around the world.

I'm proud of our story.

At our last investor conference, we shared these goals:

By 2028, we would reach $200 billion in GMV, and double our profits and the share of our business coming from eCommerce. By doing that, we would *double* the size of the Walmart International business.

John David talked about the growth targets we expect to see in the coming years for the enterprise, and the international segment is a key driver of that outlook. Walmart International is accretive to growth on the top and bottom lines today, and we expect that to be even more pronounced looking ahead.

We are going to continue to improve our operating margins and return on investment by delivering strong growth in key markets like Mexico, China, and India, and by reducing losses in eCommerce.

In India, Flipkart and PhonePe are driving economic growth and bringing jobs and innovation to one of the largest markets in the world.

We are thrilled about what the future in India holds for our business.

So, we are on track to meet these goals that we laid out. Let me tell you why. It all starts with *how* International is driving results:

First, we're in the right markets to win.

Several years ago, we made the decision to restructure our portfolio, divesting from some markets and reinvesting in those where we expected to see sustainable growth.

Second, we've become more omni.

Our goal is to be the leading omnichannel retailer in every market where we operate, leveraging our store network, and we're making big strides.

Over the past two years, we've increased e-commerce sales by 45% as we bring value and convenience to shoppers.

Finally, we're innovating, sharing what we learn across markets, and developing "learning agility."

We'll get into this more later when I'm joined by three of our market presidents, but I feel like this is a muscle we're quickly building, and I believe it will pay dividends.

Coming off a strong FY24 and FY25, we're being intentional about investing to maintain our growth over the long term. We've made investments in customer acquisition, in our associates, and in the business with a focus on new stores and clubs, fast delivery, and automation. We've seen that we can make these investments and still improve ROI.

So, we're driving growth through investments in our customer experience, and we're creating shareholder value by strengthening our business model.

This is my first time being in front of you since taking this role about 18 months ago.

I know many of you from my time leading Sam's Club in the U.S., and, before that, running Neighborhood Markets.

I've found International is different – and I mean that in the best way possible.

We have a saying that we bring Walmart to the world, and we bring the world to Walmart.

What do we mean by that last part?

Well, I believe one of our roles for the enterprise is to open the aperture of what retail can look like through what we're doing in our markets ... to see into the future somewhat.

Since joining International, I've traveled the globe. In this role, you have to be out in the markets. You have to see our businesses and sourcing operations first-hand, up close, with our leadership teams, associates, customers and members, and I have.

Here's what I've observed:

I like our strategy, and we're executing well.

We have a great leadership team.

And, our culture is embedded in our markets.

I want to linger on that final point for a moment.

As you know, we're not complicated in our approach: We want to help people save money and live better.

In International, I believe that purpose is even more deeply felt by our customers.

Let me share a few examples of what I've seen:

In our Central American market, a segment of our customer base has $1.17 per person, per day to feed their families. That's less than the typical cost of a cup of coffee. You can imagine the importance of Every Day Low Prices for these customers.

Well, one of our merchants there noticed that bananas weren't selling well. A surprise, because that's a staple of the Central American diet.

It turned out that we only sold bananas by the bunch, which cost more and could spoil faster. We started selling individual bananas – at 8 cents apiece. We provided a nutritious, affordable snack for our customers, and sales of bananas went up.

In Chile, Walmart is the only retailer that serves a remote island just off the coast of Punta Arenas. The island is called Puerto Toro, and it's almost the farthest south town on the planet.

We deliver goods by boat. I met someone who told me his parents save 60 hours a month in travel because Walmart comes to them.

And, in China, a member told me she doesn't have to shop around for the best prices. Why? Trust. She trusts Sam's Club to always have the lowest prices on whatever her family needs.

There are dozens of stories like this in our markets, and they all say the same thing: Walmart helps people save money *and* live better. I am so proud to be part of that.

As I mentioned earlier, we're driving growth through investments in our customer experience, and we're creating shareholder value by strengthening our business model.

Let’s talk more about our growth.

I showed you this slide a moment ago about our goals.

These goals are attainable because our associates wake up every day thinking about one thing: our customers and members.

That looks different in each market, but we’re more alike than not because our purpose and values are constant, our culture is strong, and we share our founder’s maverick spirit to embrace change.

Driving that change is our use of technology.

Doug called our newest innovation, trend-to-product, a way to get faster at scale. And it is. By identifying what’s cool while it’s still cool, our sourcing team is giving our customers what they want, when they want it.Trend-to-Product allows us to move faster and serve customers better.

Think about the time saved, at Walmart’s scale, when you turn hours into minutes. When you turn months into weeks going from design concept, to item, to store. It’s a great example of using AI to become better merchants as we continue to grow and innovate.

Today, I want to look more closely at how we’re using technology and sharing ideas to better serve customers in China, India, and Mexico.

Over the next few years, we expect significant growth to come from these markets. Please help me welcome Christina Zhu, the President and CEO of Walmart, China. Ignacio Caride, President and CEO of Walmex, and Kalyan Krishnamurthy, CEO of Flipkart. Hi, guys.

The leader of our other business in India, Sameer Nigam, the CEO of PhonePe, can't join us today. As I'm sure you've heard, he's busy planning for an IPO in India. This will be a major milestone for PhonePe, which celebrates its 10th year anniversary this year.

PhonePe is a leader in financial services and just last month, it crossed 600 million registered users. That means one in three Indians are now using PhonePe.

So, I'm glad you all could join me. I've talked a little bit about the growth that we're going to expect from these three markets. But Ignacio, if I might start with you, you've been in your role for not quite a year now. What are your initial observations?

Ignacio Caride
CEO, Walmex & Central America

Thanks, guys. Good morning, everyone. I spent in the past 13 years creating and managing eCommerce operations in MercadoLibre in the region, in South America. And when I was there, I was always jealous of Walmart's assortment, footprint and logistics.

Now that I have the chance to lead the company and develop and work on our strategy of winning discount leading omni, and becoming the ecosystem of choice, give us – and we have all the tools to keep disrupting retail. So, this past year has been amazing, has been transformative and we keep pushing our strategy.

Kath McLay
CEO, Walmart International

That's awesome. Thank you. Christina, I think we have a couple of pictures, to give some insight into what's going on in Sam's Club in China. Tell me what makes Sam's Club so special in China?

Christina Zhu
CEO, Walmart China

Sure, Kath. Good morning, everyone. These pictures, they offer a pretty good snapshot of the kind of energy we see in our clubs every day. And we're incredibly proud of the growth experienced in Sam's Club in China.

Actually, in our latest Chinese New Year trading season, we actually saw our membership count grew by another 35%. And yes, our clubs are indeed very busy. I think back in 2023, Doug mentioned that we have two clubs in China that each generated about $0.5 billion sales per annum.

I'm really happy to share that this year we think the number would jump to eight. We will have eight Sam's Clubs in China this year that would each generate more than $500 million sales.

Kath McLay
CEO, Walmart International

It’s extraordinary.

Christina Zhu

CEO, Walmart China

Yes. Thanks, Kath. And you asked me the question. Why do members love us? I think it really comes down to three key things. First, always the great items. When members come to Sam's Club, they know they can get quality products at great prices, and they know that they can always count on that, but it's more than that, there is that huge element of discovery, of treasure hunt.

They can find unique items that are only available in Sam's Club. Life is truly better with Sam's Club. They know that we aim not just to match the expectation, but really to exceed them and delight them.

I think second really is the omni-channel convenience. Members today, they can shop with us whenever, wherever and however they want to. It could be a fun outing with families and friends in our clubs, sampling the products and discover hidden gems or they can simply take out the phone click on items and have them delivered to doorstep within an hour.

Actually, average speed is less than 40 minutes and sometimes it could be fast as 15 to 20 minutes. And this year, more than 50% of our sales actually came from online. More than 80% will be delivered within the one hour window.

And the third thing, I think it's the most important, and you said it, Kath, earlier, really is about trust. Our members, they trust us. They trust when it when they come to Sam's Club, you can get quality products at great prices.

They trust us that we are constantly working to improve their shopping experience with us. They also trust us that we truly get them. We invest tremendous amount of energy and time really to study their needs and trying to get the insights, but also foresight to anticipate their heart's desire. So, we can delight them not only now, but also in the future.

Kath McLay
CEO, Walmart International

Yeah, that's great. And I think, what we have seen across international is trust is universal, it's so important in retail. And Kalyan I'm switching to you, tell us a little bit about the consumer in India. What are they expecting from us? How are you delighting them and exceeding their expectations?

Kaylan Raman Krishnamurthy
CEO, Flipkart [India]

Thank you for inviting me, Kath. At Flipkart in India, we have more than 500 million users. We have a product catalogue size of more than 200 million products which we offer to these 500 million plus users.

We deliver to roughly 95% of the country, maybe more than 22,000- 23,000 zip codes across the country. These 500 million users are among the most diverse users, you can find; diversity in language, in education, in income segments, geographic diversity.

The most important aspiration and ambition for Flipkart is to make sure that we understand these customer segments carefully and we are able to offer a customized value proposition to each of these segments.

For example, the top 30 to 40 cities in India, and the affluent customers within them, they behave in a particular manner. They expect, the meaning of value proposition for them is speed of delivery, service, convenience, and national brands.

But as and when you go down, let's say, you look at the next 300 million users. For them, the meaning of value proposition is selection, variety of products and value. How do we offer that value proposition to this user segment? So, this is the meaning of customer experience in India and this is our aspiration.

Kath McLay
CEO, Walmart International

Yeah, it's fantastic. It kind of blows your mind when you start to think about the scale of that, don't you, 500 million active customers. I love the way we actually have the opportunity also to learn from each other. And I think there's a great example that has played out, even over the last 12 months.

Kalyan, you were looking at how to engage with quick commerce. And I know you engage with Christina. So, why don't we start with you, Christina? Why don't you talk a little bit about your clouds business and then we'll go from there and understand how that's playing out in India.

Christina Zhu
CEO, Walmart China

Sure. So, the clouds model is something we started experimenting with before COVID, and during COVID as you know, the online demand really accelerated. So, the cloud model actually has proven to be a game changer for us.

Now, clouds really are, they are small compact fulfillment centers, stock stores, strategically located in dense urban residential areas. So, each of the club we call mother club. You would then have about 8 clouds to 15 clouds, and each cloud would serve a trading area of about 2 miles to 3 miles radius.

And so what I really love about this model, though, actually it's efficiency and it's integration. So, the club and the clouds they really work together as one seamless hub and spoke system. So, the club really is a hub in the center. It manages to replenish all those clouds as spokes.

Online orders, they actually are picked and packaged in our clouds and from our clouds delivered to our customers via motorbike for speed.

When we actually say more than 50% of sales this year will come from online, it really means that with this model, we actually get to sweat our club assets twice. Now, what do we mean by that? Think of it this way.

If you remember the photos we showed earlier about those busy clubs, right, what you saw are busy clubs filled with customers. What you didn't see though, but it's actually happening at the same time, real time is a massive online shopping operation taking place behind the scenes, powered mostly by our cloud network and clouds they are easy and low-cost to set up, very simple to run.

So, which means that was actually relatively small additional CapEx, we can actually generate significant high returns of our club assets. And that, Kath, really is the essence, what we say, it's our club based omnichannel.

Kath McLay
CEO, Walmart International

And I think that's how you've got this highly efficient model where 50% of your business is online and 50% offline and both channels are profitable and you know how to now deliver in less than an hour, sometimes as fast as 15 minutes.

And then Kalyan, you were interested in understanding about quick commerce. Do you want to just tell that story a little?

Kaylan Raman Krishnamurthy
CEO, Flipkart [India]

Yeah, sure, of course. We launched our own quick commerce product and brand just about nine months back, what Christina calls as cloud, in India we call it quick commerce. So, we launched with just about 100 dark stores and we are already close to 300 now. By the end of this year, we'll probably get to 800. That's the vision we have.
The customer segment, like I shared before, for this particular product is a very sophisticated customer with very high expectations.

Now, the most important aspect of making this business successful is the supply chain behind this. The supply chain behind this has to be scalable, technology-enabled, agile, reliable.

And Christina's team were able to expose us to a lot of these supply chains in China where they have these fulfillment networks, which, Christina explained. 750 square feet all the way to 200,000 square feet fulfillment centers. It's very, very impressive what we saw. And we are doing everything to learn from her more and more and execute that in India.

Christina Zhu
CEO, Walmart China

But I want to call out that we are actually talking to his team now to learn ways that what he's doing in India, so we can actually cut our delivery times even shorter as well.

Kath McLay
CEO, Walmart International

Yeah, it's like an equation that we just keep refining in each market and context. And then, Ignacio, you're keen to see how will this deploy in Mexico as well?

Ignacio Caride
CEO, Walmex & Central America

Yes, the beauty of our company and being present all over the world is, it give us a chance to look at the future. So, after we saw what China did and how Flipkart adapted that to the Indian market, now we are tailoring that into Mexico.

We are a little bit different. We have more than 4,000 stores already in place in the region. So, that gives us a huge advantage because we are 10 minutes away from 90% of our population in the big cities.

So, leveraging that with the experience from both countries and what we are learning from both countries, it is helping us to reshape the customer offering we are doing.

So, right now, we are delivering as fast as 45 minutes in the big cities, full basket size, but we want to take down to 30 minutes and 15 minutes eventually leveraging everything we're learning from other countries, this is amazing.

Kath McLay
CEO, Walmart International

It's exciting, isn't it?

Ignacio Caride
CEO, Walmex & Central America

Yeah.

Kath McLay
CEO, Walmart International

Let's talk about another way that we are looking at serving our customers. We talked before about how we're using AI for Trend-to-Product. But Kalyan, I know you're also in Flipkart doing things with AI, so can I start with you? And then maybe we walk along and each of us can share what we've been doing around AI.

Kaylan Raman Krishnamurthy
CEO, Flipkart [India]

Sure. Kath, AI has to become the culture of the company. That's our vision. It should not be restricted to a team, a function or a product. So, on the business side, we have classified our product and engineering into three buckets; end consumer facing; merchant facing, we are more than a million merchants who list their products on Flipkart; and then our supply chain.

And of course then there are the corporate functions where AI gets used and we are embracing it across all of these products. I will today give some examples about the consumer facing function.

The biggest opportunity and challenge also operating in a country with the diversity of India is personalization. How do you match the 200 million plus catalog size to the 500 million plus users?

And that's where we are today using AI in the biggest way, there is still work to do, but that's the biggest investment we are making. We have a group company Myntra, which is a lifestyle marketplace. They are a bit ahead in this game.

For example, when you as a customer go in and you start looking for products instead of just showing you products, they dynamically show you looks. So, you went in looking for products, but then you come out with a look.

So, this is one big example, another quick example. India is going through a very big generational movement. So, we have about 350 million to 400 million young users, let's say in the age group of 15 to 30.

These users behave a bit differently, and I'll tell you the primary difference, mostly eCommerce platforms in the world, when you just look at the app or you look at the product pages, they are very text heavy, image heavy. These users want videos.

So, we are using AI extensively to convert all of these catalogs into videos and giving sellers the tools to do that in a cost effective way. So these are some of the big examples.

Kath McLay
CEO, Walmart International

Great. Yeah. Kalyan, sorry Ignacio.

Ignacio Caride
CEO, Walmex & Central America

Yeah. In our case, of course, we are using and testing AI everywhere, looking for productivity on improving service. But where I'm most excited about is now we are putting together

In Mexico we have Beneficios. This is a program that give benefits to our customers for coming into our stores and that is giving us and feeding us a lot of information from what they buy, when they buy when they come to our stores.

We are feeding that information into Scintilla, and Scintilla is putting all this information after we process this with AI, with machine learning to our suppliers. Now suppliers with all of this information are making much better commercial decisions or understanding much better the new trends or how customers are reacting. So, that's one example.

Another one, we just launched a couple of weeks ago, a redefined AI-based recommendation engine inside our webpage. The numbers we're seeing are incredible. So, we saw 45% more engagement, 2.4% more add to cart. And this is just the beginning, the first initial test, if we can extrapolate that to the rest of the experience, it's going to be a game changer.

Kath McLay
CEO, Walmart International

Fantastic. Christiana?

Christina Zhu
CEO, Walmart China

One example I can share is how we're transforming line review process with AI. So, previously with each category line review, it would take about 2 to 3 merchants, three weeks of full time, manually collecting data and performing analysis.

Now, AI powered tools have completely automated all of that. So, that really condensed the work load from three people, three weeks down to one person and a day. Now, that's a tremendous lift on productivity, but not all in that, it really improves the decision quality, but most importantly, it frees up valuable time for our associates to focus on truly important things.

Kath McLay
CEO, Walmart International

That's great. I love your point, Kalyan too, that it's not an initiative or a side project, but it's actually immersive. It's the whole company engaging in this.

We have monthly gatherings of all of our market Presidents, and we've made a big effort to hold those not in Bentonville, but in our markets around the globe, because I think being in a market helps all of us learn from each other and solve problems together.

One thing that we've all learned is that our customers everywhere have the same wants. They want great items at low prices. They want a broad assortment. They want a good experience. And they want to shop when it's convenient for them.

And they want to spend their money with a company that they trust. Ignacio, I'm going to start with you on this. How are you managing this nexus of value proposition and convenience?

Ignacio Caride
CEO, Walmex & Central America

Yeah. So, when I was telling at the beginning, the strategy, we are focusing on our core. But one of the things we're doing is building an ecosystem that connects with our core and drives traffic to the stores.

This ecosystem started because when we when we wanted to start our omnichannel experience, we realized that in Mexico, customers were not able to access Internet through their phones because it was very expensive.

So, what we did is we created Bait, it is our MVNO (Mobile Virtual Network Operator) service that now has more than 19 million subscribers. And the way we managed to do this was because we launched this service at one-seventh of the cost of the leading player and when you start giving access to Internet to the customers, suddenly they realize and they have access to the digital economy.

So, now they can buy items through online. They can have access to digital doctors or digital consultations. They can ask for credit online. They can pay online. They can do a whole new amount of things. So, this is the ecosystem we are building with stores at the center and giving an access to the digital economy to help them save money and, of course, live better

Kath McLay
CEO, Walmart International

So, that's extraordinarily, so 19 million customers are getting their digital connectivity from you at one-seventh of the price of what they could get it from anywhere else.

Ignacio Caride
CEO, Walmex & Central America

Yes. That's why we built – we become the third largest telephone company in the country in just four years. And because they have access to the digital economy now, for example, the can subscribe to Beneficios. And with Beneficios, in six months, we got 46 million subscribers. And this is all information that then we can put into Scintilla and get the...

Kath McLay
CEO, Walmart International

So, that data network is building out, you know your customer, you understand their transaction history and you are providing value for them in multiple ways in this connected way to build omni.

Ignacio Caride
CEO, Walmex & Central America

Exactly.

Kath McLay
CEO, Walmart International

That's awesome. Excellent. And what about you, Kalyan, as you think about convenience and value.

Kaylan Raman Krishnamurthy
CEO, Flipkart [India]

Yeah. It's probably the most sophisticated and complex problem in commerce and in eCommerce as well. How do you balance and trade off the two. Given the diversity of the user base we have, we have taken a philosophical view that we will lead with the value proposition and the other one will be hygiene.

For example, like I mentioned before, the top 50 cities, and the more affluent user base we lead with speed, service, convenience and national brands and broadly value and selection, we make sure we have hygiene.

And the moment you come down to the next customer segment, we lead with selection and value and we make sure that speed-related service becomes hygiene. So, we believe the trade-off is a little bit tricky and we have to lead with one and offer hygiene on the other one.

Kath McLay
CEO, Walmart International

Yeah. And any last comments from you, Christina?

Christina Zhu
CEO, Walmart China

Sure. We like our CVP [Customer Value Proposition] and we like our store-based omnichannel, and we're seeing it going from strength to strength. We are also very, very clear with all our associates that complacency is never an option.

I think for me, it really comes down to trust. The trust needs be built over time through a relentless focus on customers. Sam Walton once said, there is only one boss, the customer. I think that really is a key. A relentless focus on customer, constant innovation, reinvent ourselves, so we can delight them.

Kath McLay
CEO, Walmart International

So, I hope what you've heard today is, firstly, we are in the right markets. Between these three different countries represented here, there's 3 billion people in population size. So, we're in the right markets, we have a strong and growing omni business, and we're executing with speed and at scale and we also have great talent.

Thank you, Christina, Ignacio and Kalyan. I really appreciate you coming here and sharing your insights about what you're seeing in the markets.

I'd love to take everyone with us to Mexico, China and India, but this is the best that we could do today.

At the heart of everything we've discussed today is our purpose as a company. We help people save money and live better. How we do that is going to continue to evolve as innovations emerge.

But that purpose is our North Star everywhere we operate. Doug showed you our positioning statement earlier today. As retail goes through what promises to be the biggest technological transformation yet. I want to key in on this phrase in our statement. We are people-led and tech-powered.

There is so much strength in that phrase and in the way that it is constructed. It matters that people come first.

Walmart is and always will be about the people, the customers and members we serve, and our associates and underpinning and uplifting everything we do, whether it's delivering in 15 minutes or selling individual bananas in our stores are our people. And because we're people-led, it comes natural to us to be customer-focused.

People-led, tech-powered. That's Walmart International in four words.

Thank you again for your interest in what we do. And I think we're now going to go to a short break.

Thank you.

Chris Nicholas
CEO, Sam's Club U.S.

42 years ago, we launched Sam's Club. What started as an experiment has grown to a $90B business. And it feels like we're just getting started.

That pioneering spirit is the essence of who we are and has propelled us to set out an ambitious future to be the world's best club retailer.

Here's what you will hear from us today.

We will redefine what the future of the club channel looks like and that future is omni. And we will define success by membership growth. How many new members we acquire and how loyal they are to us.

Over the last several years, we have delivered strong growth, we have a solid foundation, and our members are telling us they want us to do more, to go faster.

We've learned, we've listened, and we've adjusted the value proposition. We sharpened our focus, and we've begun the work to leverage the enterprise and move faster, all of which created the conditions for aggressive growth that increases returns for Walmart Inc.

Over the next 8-10 years, we see a route to doubling our membership, and as a result, more than doubling sales and profit.

And with our omni channel approach and the growth of our digital business we believe we can do it even faster.

As we redefine the future of the club channel, we've set a new bar for what members expect.

Let's talk about what they have begun to see change:

We opened our first new club since 2017 showcasing the future of Sam's at Grapevine.

Scan & Go is now broadly adopted, with Grapevine at around 100%.

Just Go AI computer vision exit scaled from zero to the whole fleet in less than a year

We're growing through digital. Our new eComm value proposition, which offers free shipping to Plus members and free pickup for Club members, has proved to be popular, and has enabled us to grow faster whilst also enhancing profitability.

Personalized connected ads leveraging AI are now a reality.

Our Member's Mark private brand represents ~50% of our merchandise sales growth in the last 2 years.

We've invested in associates including compensation and AI tools to improve efficiency, resulting in more associates choosing to stay longer and build their careers with us and we have a world class leadership team with the experience and ability to turn our strategy into reality

And members are thanking us with:

All-time highs in membership and renewals, including a nearly 700 basis points increase in first-year renewals

All-time highs in digital penetration.

And we can have a digital relationship with 100% of our members through digital membership cards. E-comm is growing aggressively.

It accounts for 15% of sales excluding fuel, and we think 40% is achievable over the planning horizon. Growth in delivery with express is the tip of the spear and it has grown triple digits.

Our advertising business has seen compound growth of 13% over the last two years.

Members Mark continues to be a driver of renewal, with units growing 2.4% faster than national brands. Experiences like Scan & Go have become a top reason to join Sam's Club and to renew.

And younger generations are shopping with us, which is a really important health metric for the future of our business. We have a lot of opportunity ahead of us and we have a plan to deliver on it.

The club total addressable market is large and it is growing rapidly as more people see the value the club channel offers.

Our share of sales of the membership is unlocked an even faster rate through a national e-commerce business.

As we continue to listen to our members, we've learned that the key to winning is to give them more of what they want, how they want it, when they want it.

We are not interested in asking the member to tolerate friction as a cost of shopping with us.

We are able to have an and strategy enabled by us leveraging Walmart's backend capabilities, and by reinvesting in the Member Value Proposition, to drive more members, and more loyalty.

Let's get into the member value proposition it's evolved.

All of our decisions around the changes and investments we are making are framed by how they enrich the four components of Value, Assortment, Experience and Trust.

So let's start with what's table stakes. Profoundly important to the club channel value and assortment. Value is price and quality is a key component of perceived value.

We've invested in quality over the last few years and it really comes to life through our growing Members Mark brand.

We continue to deliver more value to members by investing in price. Our merchants battle every single day to keep prices down. And staying true to the model, they work to find the highest quality, all whilst maintaining the absolutely lowest price.

Take members bath towels, for example. That price lower than pre-COVID without sacrificing quality. And units are up over 35%.

A growing advertising business and other high margin businesses like our services business will be reinvested back into the member value proposition.

A rapidly growing e-commerce business is a natural advantage and we will grow it profitably. And since our prices are the same online as in clubs, never marked up, as we grow [e-commerce], we extend our price advantage.

On assortment, we're accelerating our efforts here, both in club and online with world class national brands, regionally relevant items to make us more of a club of the community and members mark which continues to serve as the highest bar for quality value and innovation.

Julie Barber is our new Chief Merchant. She is a lifelong business and brand builder and most recently lead U.S. general merchandise, which is nearly $100 billion business.

You will hear more from her today about how we're elevating our general merchandise offering.

Over the years, the club model has evolved, quality items at the lowest cost came at the expense of something - experience. We don't believe it's an either / or.

As Doug said, we are an “and” company. It’s why we've been on a journey to transform our business model, to deliver a retail experience that is free of friction and frustration, one that elevates the member's life by anticipating what they need and giving them more than they expected. And this starts with investing in our physical footprint.

We are expanding our reach through new clubs and remodels with an eye towards omni engagement and speed on new clubs. We will open the 30 new clubs that we had previously announced, and I'm excited to share that. We have plans to build a pipeline to 15 new clubs every year for the foreseeable future.

On remodels, we will remodel our entire fleet. Revitalizing our fleet is a strategic growth investment and we are confident in the returns we will see in sales and in membership income.

And on the club of the future. For those of you here today in person, you'll see what our revitalized fleet will look like, starting with Grapevine, which sets the standard. We will remodel our fleet to this standard. Our members are telling us they want it. And we're moving with speed to deliver for them.

To do that, we are leveraging enterprise platforms, including Walmart's fulfillment network and tech stack. These capabilities allow us to have a national e-commerce presence and grow membership that's not necessarily tethered to a local club.

We're not limited by our physicality. We're enabled by it. And Tom Ward our new end to end, Chief Operating Officer will share more about how we're going to lead in Omni.

Our journey from here is to create a connected ecosystem of experiences, whether someone's in the club, at home, or somewhere in between. We're blending physical and digital worlds.

We're connecting with members and becoming part of their lives in new ways.

And Diana Marshall in her new role as Chief Experience Officer, will take you through how we see this stretching across our entire ecosystem, creating seamless connected experiences across every member touchpoint.

One important component of Trust is the output of successfully executing all the elements of our member value proposition and it matters more in the club model than anywhere else because members pay to shop with us.

They need to trust us up front that they're going to get a return on that investment.

This all starts with our associates and the trust they place in us creating good jobs that lead to great careers.

And part of our journey to be the world's best club retailer means we'll have the best associate experience in retail. We've already taken steps to elevate wages and pay progression, and reduce turnover, and we're excited to do more.

We're also using AI to remove mundane work from the club. We've taken out 100 million tasks in the last year alone, driving a better experience for our associates, freeing them up to focus on more complex work and engage in more meaningful ways with members.

We know that when a member has a positive interaction with an associate, they are more likely to renew.

You'll see a continued focus here, as well as in our commitment to fostering trust with our members, suppliers, and in the communities in which we operate.

As member trust builds, it becomes a reinforcing loop that grows both membership and spend.

Our member value proposition is resonating. We have momentum; we are confident in the future of Sam's Club.

We're creating shareholder value by strengthening our business model.

And with the seasoned leadership team we've assembled, we have the experience needed to do more and go faster. I'm excited for you to hear more from these leaders today.

This is the team with the experience to accelerate our strategy and reimagine the future of retail.

Julie Barber
Chief Merchant, Sam's Club U.S.

Good morning, I'm Julie Barber and I'm thrilled to join Sam's Club.

What's exciting is the wide range of assortment we offer, from fresh fruits and vegetables to the most recognizable brands in general merchandise.

We have an amazing team of merchants who are experts in their fields. And we strongly believe in omni.

Our merchants aren't just buying items for our in-club experience, but also online.

And we lead the way in offering great value to our members by providing price parity, no matter how you shop at Sam's Club, you pay the same price.

That means the larger our eCommerce business grows, the greater our price advantage.

What stands out to me as a differentiator is our fresh assortment.

This has been an important category for Sam's Club with almost 90% of members currently shopping it, and therefore we know fresh continues to be a membership driver.

For my family, home meal solutions are a top item.

Right now, Sam's Club offers 30 prepared meal options, and we are always pulsing our members on what they would like to see next.

We believe our private brand Member's Mark sets the standard in our clubs for quality, through disruptive value and on-trend innovation for items across all of our categories.

I'm excited to share, by this summer all of our Member's Mark items will be free from artificial colors and ingredients which we know is important for many members.

I'm really proud of how Member's Mark is leading our better for you initiative with items like the Member's Mark organic fruit twists made with real fruit and no artificial colors or flavors and the Member's Mark apparel sandwash collection made with 50% recyclable materials.

We will continue to utilize Members Mark, but also expand our other options with national brands like Poppy. A better for you soda and simply fuel protein balls made with real ingredients and probiotics.

Our goal is to truly be a club of the community providing members with items specific to their region's wants and needs. In March, we rolled out a club with the community and we added region specific items like Franklin's original barbecue sauce and el patio corn chips. Both of these items were found during our local open call event for suppliers, which we hosted right here in Texas.

I believe it's important to improve our credibility with members through general merchandise. We will accomplish this by partnering with big brands that our members recognize and love, like Vitamix, Jura, or Barefoot

Dreams to consistently surprise and delight them. By enhancing the assortment in our clubs and on our site, we can shop in the best way at every touchpoint of a member shopping journey.
And it all starts with having great items.

Now I'll turn it over to Tom Ward, our End-to-End Chief Operating Officer, who will share more on how we will bring our assortment to life in clubs and online.

Tom Ward
End to End Chief Operating Officer, Sam's Club U.S.

Thanks, Julie. At Sam's Club, we talk about doing more and going faster and that is exactly aligned to what our members expect of us.

Chris talked about the incredible strategy we have and our ambition to double the size of the business and our membership base.

I have the privilege of holding a newly created position at Sam's that has been designed with one simple thing in mind, to achieve those two goals quickly.

My team is responsible for building a seamless, end-to-end connection between our supply chain, our clubs, our eCommerce business and our last mile delivery to members.

We will do that through rapid acceleration and leverage of our world-class enterprise platforms.

These include both our supply chain automation, as many of you in the room had the chance to tour yesterday and by leveraging our e-commerce and last mile capabilities, what we internally call the Walmart commerce platforms and something I was fortunate enough to work on over the last few years while leading the US e-commerce business.

These platforms were and continue to be transformational in the speed and quality of service members and customers receive.

And the great news is at Sam's, we have the exact same to do list.

Bringing this formula together in a way which removes friction for members and associates, creates incredible clubs to shop in, and offers seamless online connection to our rapidly expanding suite of capabilities underlines Sam's Club as the only truly omnichannel club retailer.

We know that members want to shop at Sam's Club, and what we mean by that is they don't differentiate between physical clubs and our website or app.

But rather, they want to shop seamlessly between all our channels however and whenever they want.

We're designing an anytime, anywhere club model that appeals to the fastest growing generation of digitally native consumers, which is why we've seen around half of our new member growth coming from GenZ and Millennials.

That means members are loading up flat beds with great items on their weekend stock up trips, and walking in to grab something for dinner tonight, like maybe a convenient meal solution like lobster mac & cheese and some great Member's Mark wine.

But they are also placing online orders for pickup and express ordering items for delivery. Members are finding more ways to tap their membership for more things, more often.

That's the power of omni.

Our members are already embracing our omni model.

In fact, right now about 40% of our in-club shoppers have visited our app or site a week before making a purchase.

Innovative technologies like Scan & Go act as the connective tissue between the online and physical world, and our members love it.

Scan & Go is a win for the members because it simplifies their shopping experience by allowing them to bypass the traditional checkout line, but it is also a distinctive competitive advantage.

We can personalize the shopping experience while they are physically in the club.

Who else can do that?

What is even more exciting is that members who shop Scan & Go are twice as likely to then shop online with us.

Just like you would have heard me say in my previous role, the nearest club is the one in our member's pocket.

And the club plays a truly central role to the eCommerce experience at Sam's, with over half of our eComm sales being fulfilled from clubs today.

When it comes to speed and convenience, members love to use our club pickup offering, and that channel is growing rapidly, up 21% last year.

Sometimes, members just want the convenience of having the items they love delivered right to them.

As we activate and expand delivery from club, we are seeing tremendous growth, up nearly 130% last quarter.

When it comes to speed, members are loving our Express delivery proposition, which has more than doubled in sales since we launched it
in August of last year.

To wrap things up, I'm going to leave you with a few points that have me really excited since joining Sam's.

Our members who are digitally engaged, shop with us three times more often than members who shop in club only.

They also shop across, twice as many categories, driving three times the spend overall.

And those same members renew at a 10% higher rate than in club only members meaning they get more value out of their membership at Sam's.

And this ecosystem fueled by omnichannel helps us grow membership and drives renewal.

We are excited about the opportunities ahead as we accelerate our omni club ambitions.

Our members are asking us to do more and go faster and all through a seamless, connected experience, and that is exactly what you are going to see.

And to share more about how we're creating these connected experiences for our members, I'll turn it over to Diana Marshall.

Diana Marshall
Chief Experience Officer, Sam's Club U.S.

Thanks, Tom. I'm excited to be the first Chief Experience Officer in the enterprise.

As we look to the future, we know value and assortment will not be enough.

As famously said, "what got us here, won't get us there."

We've learned that connection is at the heart of every shopping journey, giving us confidence that experience will be a key differentiator for Sam's Club going forward.

Our vision is simple to create effortless, personal experiences for our members that bring joy and foster community.

Our ability to design end-to-end experiences, powered by technology and leveraging our data, will supercharge the member value proposition and increase our total addressable market, driving the growth needed to achieve our ambition.

For example, Scan & Go, our digital in-club shopping tool, has a Net Promoter Score over 90, and today, three-quarters of our members leave the club without stopping in line through our Just Go Exit technology.

They receive a simple "thank you" and a smile.

This technology has increased members satisfaction at exit in a matter of months, and it also earned us the if design award for excellence in design.

Experiences like these are part of the reason that Sam's Club achieved the top spot in this year's American Customer Satisfaction Index rankings for general merchandise retailers.

As we look ahead, we want to go beyond effortless and elevate personal experiences that bring joy and foster community. Our data will enable personal experiences that no one else can replicate.

We will create dynamic, real time connections with members based on their preferences, like shopping habits and even birthdays, driving genuine and thoughtful interactions. This will deliver tailored, authentic marketing to potential and lapsed members, giving them a reason to return or join for the first time.

A deeper engagement with our members will fuel our advertising business, enabling us to reinvest in the member value proposition. Let me give you some examples of how this might come to life across various member journeys.

Jordan is hosting the in-laws for the holidays. I can certainly relate to that pressure. As she's scrolling social media for inspiration, she spots a local creator, weaving about Sam's Club holiday must has.

A beautifully decorated table, gourmet spread and high end cookware. As Sam's had for Kitchenaid mixer pops up, reinforcing the message, inspired by great prices, Jordan clicks and after exploring top holiday cookware pics, and using express delivery benefits to get items fast to joins Sam's Club as a plus member.

Sam saw that pressure that only the holidays can bring. Charles is a member who loves gas savings and fresh meat, both poultry and seafood. While fueling up at Sam's Club, he receives an in-app message suggesting he might like the Ninja Air Fryer XL on Demo inside the club today.

Charles is having people over to watch March Madness. So, he goes inside and purchases the air fryer and some wings using skin and go. Before swiping right to check out, he receives a pop up reminder to buy Reynolds wrap foil, which he was definitely going to forget again.

What started as a weekly fuel up, turned into the makings of a great Final Four watch party. Sarah moved to a new town and fell out of her normal shopping routine with Sam's Club.

She receives an in-app notification featuring personalized product recommendations, which leads her to explore new items and brands on the site, in addition to seeing her regular favorites that she's been missing.

She locates the Sam's Club in her new town and places a pick up order.

Following that experience, she receives a geo located notification to learn more about an upcoming cooking event happening in the club.

The experience makes her feel more connected to her new community. And Sam's is now part of her routine again.

Members use our platform in so many different ways, and we meet them where they are on their journeys. That is the power of personalization at scale. And all of this is powered by AI.

As Chris shared, we’ve already leveraged AI to eliminate 100M tasks for associates, freeing up time for them to focus on member interactions along with our member innovation, and this is just the start.

At the heart of everything we do, we are here to create experiences that truly matter both for our members and associates.

Our success is not just measured by what we build but how we make people feel.

We can shape something remarkable.

We will lead with empathy, innovate with purpose, and deliver experiences that have a lasting impact.

With that, I will turn it over to Todd Sears, our Chief Financial Officer.

Todd Sears
CFO, Sam's Club U.S.

Thanks, Diana. As you've heard from my colleagues, at Sam's Club, innovation is at our core, and we are continuously evolving, even transforming.

This has resulted in a strong business today that has momentum and is poised for continued growth. We still have a simple model one that puts members first. They are at the center of our Member Value Proposition.

And that matters for our financial performance. Sam Walton described the financial model for Sam's Club as this:

"Very low gross margins, with a corresponding low expense structure, and very low prices. The profit margin percentage will also be low, but hopefully we'll have high volume sales 12 to 16 turns a year in inventory, and an excellent return on investments."

The model was designed to keep prices so low that we just barely cover expenses and other investments we make in the Member Value Proposition.

And it holds true today we do have high sales and a low margin, but we also generate an ROI that is accretive to Walmart Inc.

That is possible because most of our profit 80% to 90% comes from membership income, which is a high value, highly predictable annuity stream.

Resulting in a business model that is a self-reinforcing, virtuous cycle.

By continuously reinvesting in the Member Value Proposition, we are reinvesting in what matters most the member and that, in turn, results in additional membership income.

You've heard already that our membership base is healthy, Membership is at an all-time high, membership income is up 22% over the last two years. Renewal rates are strong with tenured members above 90%. And, more than half of our members are Plus members.

These are great data points, but what gives me the most optimism are several leading indicators we see within our membership base. Put simply, we are aging younger.

The first digitally native generations, GenZ and Millennials, are about half of new members. More than 50% of our total members transact digitally either using Scan & Go or shopping online. And, about 40% of total transactions are digital.

Each of these trends point to continued membership momentum, and growing membership is how we grow our P&L.

Our current membership base gives me a lot of confidence of what lies ahead, especially as the Total Addressable Market for the club channel is large and continues to grow.

Chris said earlier that we see a path to doubling membership in the next that we see a path to doubling membership in the next 8 to 10 years. I'll highlight three ways that we will do that.

First, in recent years, we have grown membership organically by delivering on and executing on our member value proposition. Investing, investing in value and assortment and experience. Going forward, we will continue to grow membership organically. Remodeling all of our clubs is going to be a big part of that.

Second, though, we will further grow membership by building new clubs, which helps us expand our physical reach. And lastly, we will also expand our digital reach and continue to grow membership by continuing to grow e-commerce.

We believe that the future of club retail is omni and we are investing in that future with confidence. On this last point, that is where being part of Walmart allows us to do things that only we can do because we are part of Walmart.

We do not have the same fixed cost burden or the long development lead time that we would have as a standalone operator. We are using the same tech platforms like the Walmart e-commerce platforms for our e-commerce app.

We're utilizing the Spark Driver network for deliveries, including for Express. And as you heard, you've heard we are merging supply chains with Walmart us and that will help us enable two-day shipping nationwide for most items over time, even in places where we don't have clubs, which means that not all members will have to live near a physical club.

As we execute our strategy we will continue to have healthy, sustainable member growth.

Sam’s Club is uniquely positioned at this point in time.

We have a strong business with good momentum, in a growing channel.

We are poised for continued growth.

Back to you, Chris.

Chris Nicholas
CEO, Sam's Club U.S.

As you heard from the team, our member value proposition is resonating.

We have momentum with sustainable growth in membership, powered by our physical fleet and eCommerce, and the investments we're making to deliver experiences that are not common in the club channel.

We're creating shareholder value by strengthening our business model.

And with the leadership team we've assembled, we have the experience needed to do more and go faster.

We're reimagining the future of retail, leveraging the collective power of our 100,000 brilliant associates.

The work they do every day to serve our members makes all the difference and makes us confident in the future of Sam's Club.

Thank you.

And now I'd like to bring John Furner to the stage...

John Furner
CEO, Walmart U.S.

Thanks Chris, I talked to you yesterday about how our Supply Chain has changed.

Now we're going to cover the whole of the U.S. business.

And I think the takeaway is: Even as a business that's grown $121B over the past five years, we have room to grow MUCH MORE and a great plan to do it.

We have a large majority of the country shopping with us in some form.

And they're impressed with what they're seeing: our breadth and quality in merchandise, the omni solutions we offer, and the speed we're able to deliver.

We'll soon be able to deliver to 95% of U.S. households in under three hours.

So, our goal is to build on that base and become America's FAVORITE place to shop.

And our strategy to do it is the Customer Value Proposition ...

Because it's truly the four things customers care about: Price, Assortment, Experience, and Trust.

I'll talk through each of them, then:

Latriece Watkins will tell you more about "Assortment" – our merchant focus on the customer to deliver what they want however they shop.

We can become their favorite and grow by adding more brands and items on top of the reliable base we've built.

Dave Guggina, who now leads eCommerce, will go into detail on "Experience," in particular omni and fast delivery.

We expect eCommerce will account for 60% of our sales growth over the next 5 years.

But make no mistake that "omni" is the goal and we've built a model where we have no preference between “eCommerce” and “Stores.”

That’s for the customer to decide, not us.

And we expect to achieve profitability in both places.

And I’ll have a conversation with Seth Dallaire about our Growth strategy and growth businesses including Walmart+ and Walmart Connect.

John David talked about the growing percentage of our profits coming from business mix.

This is an exciting change for those of us who’ve been here awhile because it means our business is stronger, our growth can be more sustained, and we can invest in price, associate wages, new jobs and technologies.

We can grow operating income faster than sales and create shareholder value.

Starting with Price.

Every Day Low Price is in our DNA.

We believe we play an important role in society to keep prices low.

A great example is the holiday basket program, where year-after-year we’ve offered the big meal without inflation.

We’re offering the entire Easter meal for less than $6 a person, lower than the $8 per-person last year’s basket was.

We’ve also had a lot of success with our rollback program.

We have 5,500 now.

Walmart+ is very related to price – it comes out to about $2 a week for free deliveries.

And with all the other benefits we’re saving people a lot of money.

For example, the fuel benefit alone can pay for the entire membership.

Every Day Low Prices are enabled by Every Day Low Cost.

And a significant enabler of EDLC is a supply chain that operates with a consistent flow of goods; consolidated orders; and few fluctuations.

Many of you visited some of our facilities yesterday and have seen the progress we're making with automation.

More than half our eCommerce FC volume is now automated.

Unit cost averages in next gen FCs are already more than 20% lower than similar manual buildings.

And by the end of this year, we expect that level of improvement to exceed 30%.

About half of our Regional Distribution Centers are in process of automation retrofits.

And more than half our stores are receiving some level of freight from automated DCs.

Automation helps our business, it helps our customers, and it helps our associates by reducing physical labor.

We have new roles emerging that are less manual, better designed to serve customers, and that pay more.

As I said, Latriece will talk about assortment, how we'll continue to broaden what we sell in our first and third-party eCommerce businesses, and how we'll increase engagement with priority new brands.

Some of that progress has been unlocked by search data.

For example, our teams saw Hill's dog food was one of the most searched for brands we didn't carry.

It was a brand some people would say "I buy everything at Walmart except that."

So, we now offer Hill's online.

And it's performing well.

With private brands, we have 21 that do over $1 billion a year in sales.

Five do over $5 billion.

They [private brands] make up about 40% of our general merchandise sales.

The quality we're now offering is fantastic and it's helping us reach key customer groups.

I also love how Marketplace is growing and serving as a gateway to Walmart.

I recently talked to the CEO of RTIC Outdoors about this.

They were digitally native and first joined our Marketplace.

That led to more sales and more customers, and now they're both in stores AND Marketplace, and the two channels perfectly complement each other with inventory and color options.

Erica Cole.

Erica's life changed forever in college, when she lost her leg in a car crash.

After not finding clothes to fit over her prosthetic leg, she started an adaptive clothing company, "No Limbits," and became a seller on our Marketplace.

We're proud to empower small businesses and Marketplace is a perfect place to do that.

As you listen to Latriece talking about the work on brands and general merchandise, recognize it goes ON TOP OF a very hard thing we've already accomplished.

We're the largest grocer in America, and we have frequent customers who rely on us for their fresh food and consumables, and we built a scaled business to deliver them.

And we've just added prescription delivery in 49 states.

It had been the number one service requested by customers who identify as time-sensitive, busy families.

We're the first to integrate grocery, pharmacy, and general merchandise in a single online order that can be delivered in under an hour.

And customers have loved it.

We like to say we want to be the place for everything people <u>need</u> AND everything they <u>want</u>.

And we say it in that order for a reason.

When you think of things people "need" you think of food, consumables, prescriptions.

And those things they "want" can increasingly be put on top of the healthy and predictable base we already have.

There's also a good story with our merchants using AI.

Wally is a new tool built by our team, that merchants are using to analyze data, answer how-to questions, and produce actionable business insights.

They're also using AI for demand planning, predicting future buying activity, and refining the descriptions of items in our catalogue.

On Experience, as I said Dave will go deeper into omni experiences and fast delivery.

Walmart+ is an important part of Experience – Plus members make up 90% of our from-store delivery volume.

And they're grateful we maintain EDLP even if delivered.

We hear that a lot – "I love that you deliver fast AND you don't jack up the price like others."

About a third of our store-fulfilled orders are with fast delivery, meaning the customer is paying $5 to get it in less than 3 hours or $10 for about one hour.

For special events we see even higher percentages of Fast Delivery – for example on Christmas Eve it was 77% of our orders.

These services have some of the highest NPS ratings we see, and they show how people are prioritizing not just their money but also their time.

We see this capability as a key advantage over even someone who can deliver "Same Day."

Because "Same Day" might be a 4-hour window later today.

And with us it's increasingly within the hour, full stop, at Every Day Low Price.

And as we said yesterday it's contributing to density and last mile profitability.

We find that the faster we deliver orders, the more customers come back.

Talking about speed, drone delivery continues to be popular with customers who've tried them.

We've done 120,000 drone deliveries so far…the Dallas-Fort Worth area is one of our test markets and based on the results we plan to keep expanding.

And make no mistake the number one reason we're so well-positioned on "experience" is our stores.

With Supercenters, we have an incredibly strong curated assortment of 120,000 items sitting within a few miles of almost all Americans connected to an eCommerce

Marketplace with hundreds of millions more.

In fact, sometimes we like to think “if Walmart could start from scratch, what would we want to keep and what would we change?”

And when it comes to having 4,600 stores, the answer is “Absolutely - we would want them!”

Stores are the hubs of our business, and our advantage with omni: not just with Pickup and Delivery but with Auto, “Pet Services,” or Vaccines in the Pharmacy.

Our stores continue to see strong in-person traffic, even as eCommerce grows.

So, we continue to invest in the in-store experience.

We’re averaging about 650 remodels a year.

We used to call this design “Store of the Future.”

And because we’re now over 800 this year, we’re just calling it a “remodel.”

We typically see a sales comp lift in years 1 and 2, including more online sales and higher customer experience scores.

We're so confident in our stores, we are also re-building our new store pipeline and we’ll open about a dozen new stores this year.

The next is April 30 in Cypress, TX.

Another part of what is helping us advance our experience for both our customers and associates is AI. We’re using AI in stores, supply chain, and home office.

Here's an example of a digital twin for the front of a store. The simulation takes into account how customers would behave, and how the lines might back up.

Then we could adjust it and get it right. Or we could have an agent watching the weather, and it would send a store more shovels and sleds if there’s snow coming. Or we can simulate a modular before we actually build it and see how it would perform.

It’s exciting to think about all the possibilities – in fact that’s how we ended our recent Store Leadership meeting in Orlando, dreaming of how big we could go:

Imagine if we could simulate the entire customer experience and see where there would be any point of friction....

Imagine if customers could opt-in to a service where they'd walk down the OTC aisle and see the supplements they need highlighted.

Imagine a driver-less car driving to our store for a Pickup ...
and also checking itself into the auto care center for a tire rotation?

Imagine if we could keep customers in stock so seamlessly... they'd stop building pantries in new homes?

We say "imagine" because that's the only real limit to what we can do.

"Our only limitation is our imagination"

All the new technology and change will help empower our associates to deliver our purpose...to save people money & live better

No matter what changes, our purpose and values that Sam Walton and others instilled WILL remain the same.

Doug mentioned the awful situation last Fall with Hurricane Helene ...that one really struck me, because my dad worked for Walmart - and in the 1970s my family actually moved to Tennessee because of Walmart's expansion there.

Remembering when Walmart first went into Appalachia made me even more committed to staying in Appalachia for the long-term.

And so it was special when we were able to rebuild and reopen our Asheville and Boone stores a few months ago, and show those communities how committed we are.

So that's the strategy to grow.

As someone who's been an associate for 32 years ...... I can honestly say I'm more excited for the future than I've ever been.

Because I really feel we've positioned ourselves well – with the right value proposition and the right foundation and the right capabilities and the right business model.

And now we can build on it and become "America's favorite" and grow much more ... as we create shareholder value.

Now I'll turn to Latriece to pick up on "Assortment" and Dave to pick up on "Experience," then I'll be back up with Seth.

Latriece Watkins
Chief Merchant, Walmart U.S.

Thank you, John.

It's great to be here with you today to talk about my favorite topic – merchandise.

Specifically, how we're aggressively growing our assortment, giving customers more of the brands they need, want, and love, all while delivering value.

I've been a merchant for more than half of my 25 years at Walmart.

As chief merchant, I think it's important I tell you, I work with THE BEST merchants, designers and product developers in retail.

They care deeply about the customer and take immense pride in ensuring we have the right items, at the right price at the right time.

You should think of them as America's personal shoppers.

Let's start with our owned inventory and the way we assort our stores.

Our stores are a unique competitive advantage.

For years we've talked about them being within 10 miles of 90% of US households, and as John mentioned, soon we'll be able to deliver to 95% of the U.S. population within three hours.

This makes the store assortment even more important, which is why they're stocked with 120K of the fastest moving items across food, consumables, general merchandise and fashion.

Our merchants use data, tools and technology to select and strategically place each item to ensure we have the right mix of merchandise for both in-store shoppers and those opting for pickup or delivery.

Then there's our owned 1st party assortment and 3rd party Marketplace on Walmart.com, which we call our biggest store with unlimited shelf space.

It's also the closest store to customers – the one that's always with them when they need it.

Here we offer hundreds of millions of items, including everything in stores plus extensions of product lines, more brands and unique finds.

Last year alone, we added over 300 brands to our owned assortment and increased the number of marketplace sellers by 50%, with plans to outpace that growth this year.

Having an extended assortment online is catering to customer shopping preferences, and they are responding overwhelmingly.

Take the Beautiful by Drew home collection, for example, where in stores we nearly 200 items and more than 600 total across stores and online combined.

Today, when customers purchase furniture from us, 60% of what they buy is purchased online.

Our Marketplace is resonating with customers too.

Here's why it's important to our business:

First, it's elevating our profile as a digital shopping destination by adding in-demand brands that our customers are searching for such as La Roshe Posay, Omaha Steaks, and All Clad.

Second, it helps to diversify the mix of customer baskets.

In fact, more than two-thirds of our marketplace assortment is general merchandise.

Third, it gives us access to more inventory without the ownership and enables us to monetize that inventory through Walmart Connect and Walmart Fulfillment Services.

Finally, it gives us an opportunity to capture data on customer response to items that are also a good fit for our owned assortment.

The benefit of having the store assortment, a 1P dotcom assortment and a 3rd party marketplace is we uniquely give suppliers and sellers multiple paths to grow, like RTIC and No Limbits, which you heard about earlier.

As an Every Day Low Price retailer, it's in our DNA to provide products at a range of price points, including opening price points, and we'll protect our ability to do so with national brands and our own private brands.

In fact, we have 90 total private brands, and you heard John mention that 21 of them are billion-dollar brands.

You can see them here.

Our goal with private brands is to offer customers the same or better quality at a lower price, and we've worked to modernize the brands across our portfolio.

Like our first new food private brand in 20 years, bettergoods.

bettergoods offers exciting flavors and culinary profiles that are uniquely crafted by Walmart product developers, like hot honey seasoning, pistachio nut butter and salted-caramel oat milk plant-based ice cream.

These items are full of flavor and value, with 70% priced under $5.

Customers love bettergoods so much they recently voted it the #1 private brand of 2024.

Modernizing our brands is not only about new brands but also refreshing our current ones, like No Boundaries, which was originally introduced in 1994.

Prior to its relaunch last year, this $2 billion dollar brand felt too much like a label with huge volume driving items that lacked cohesion.

Today, No Boundaries has a dedicated design team with years of experience in creating products for the Gen Z customer and has been transformed into a cohesive collection of on-trend items.

No Boundaries, along with our elevated brand collections in fashion including Free Assembly and Scoop, have been highly additive to establishing Walmart as a fashion destination for all ages.

Private brands are important to customers so they're important to us.

AND we'll always be a house of national brands.

To do that we offer value and drive innovation on items you can only get at Walmart.

Here's a fun example…well, it is if you have teen girls in your life, like I do.

Last year we collaborated with Dove on an exclusive Dove x Crumbl product line.

We tapped into the fanbase of Crumbl cookies, translating their famous cookies into body wash scents, and extended the Crumbl fandom to something that can only be found at Walmart.

We launched online first and followed that with an in-store rollout.

Our limited-edition influencer boxes sold out in 2 days and garnered over 2.4 billion social media impressions.

Customers absolutely love the collection and it's running 2X the digital mix of the department.

As you've heard throughout the day, we serve customers across all incomes and have been thoughtful about ways to elevate our assortment and build partnerships to give customers access to premium brands.

This past year we launched a collaboration with Stock X featuring culturally relevant sneaker trends, Rebag for pre-owned luxury items, and built a new premium beauty destination.

We're also increasingly a destination for new direct to consumer and emerging brands, both for founders and customers.

Personal care is one of our oldest categories but is seeing the most disruption from brands like Dr. Squatch, W by Jake Paul, and many others who have chosen to launch at Walmart first.

Another example you may know of is Lume.

Not only has this brand helped create an entirely new category with whole-body deodorant, but it has also yielded nearly 100% incremental growth, adding +7 pts to the total deodorant category.

Finally, our assortment offers countless items from small businesses, which make up the majority our U.S. suppliers.

I spent time with some of them in a small business roundtable last week during our annual Walmart Growth Forum.

We discussed ways we continue to make it easy for them to grow with us through programs like Supplier Academy and our Open Call event.

From private to premium brands, our growing assortment is resonating with customers across all income levels.

We find that while they come to us for price and convenience, they're finding so much more...an assortment at the intersection of style, quality and price.

We can see it in how they're shopping and what they're adding to their baskets.

You already know we're the largest grocer in America.

And as we further grow our assortment and personalize their shopping experience, we see they are taking it a step further by purchasing adjacent general merchandise categories like cook and dine, toys and women's fashion.

Take a look at this basket for Taco Tuesday.

It includes everything a customer needs, but also the things they want, even for the tiniest taco enthusiast.

And we make it easy for them to get it– they can come to us, or we can go to them, and fast.

Over the last 12 months we delivered nearly 6 billion units same or next day.

And as we've grown our delivery proposition, customers have become more digital.

We've seen double digit growth in digital mix across nearly every category over the last three years, and our ecommerce sales have grown 66% during that same time.

We know it's important to have a great assortment.

It's equally important that we aren't the only ones talking about it.

A couple of years ago we launched Walmart Creator, our affiliate platform where Creators authentically share our merchandise with their followers on social media, helping elevate the perception of quality and value at Walmart.

Walmart Creator is driving higher-frequency customers who purchase at 2x the rate of the overall digital benchmark.

They're also disproportionately buying general merchandise.

We have a long history of success with merchandising, and the best merchants in retail.

I'm confident we have the right team, delivering the right assortment to become America's favorite.

Here's what I'd like for you to remember about our time together:

We're aggressively growing our 1st and 3rd party assortment to ensure we have not just some, but everything customers are shopping for.

We're a house of national brands, and builders of brands customers love.

Customers want value, and we have it – assortment from opening price to premium – and in response, are diversifying their baskets.

We're managing our merchandise and marketing mix to serve existing customers while growing across income cohorts.

All this positions us for growth.

Growth with customers, growth for suppliers and sellers, growth for Walmart, and ultimately shareholder value.

To share more about experience, please welcome Dave Guggina.

Dave Guggina
Chief eCommerce Officer, Walmart U.S.

Thanks, Latriece, and hello, everyone.

There are three things I'd like you to take away from what I'll share:

First, we have incredible speed capabilities, enabled by our store and supply chain assets.

Second, we have a broad and growing assortment.

And finally, we're delivering these to customers in an omni-channel way at the Everyday Low Prices they expect from Walmart.

The foundation of our progress – and the fuel for our future – is our people, our supply chain, and the unmatched reach of our store network.

Before I stepped into this role, I led the Supply Chain team as we set out to transform and connect our U.S. network.

When you look at all the pieces coming together, you can see the true end-to-end platform we've built.

It's powered by data, intelligent software, AI, and physical automation – all working together to create a faster, smarter, and more seamless experience for our customers.

The Supply Chain transformation isn't just about improving our operations, it's fueling our growth.

It's given us clearer visibility into inventory, expanded our capacity, made us more accurate, accelerated our speed, and allowed us to scale our eCommerce business in a way that's more sustainable, efficient, and drives a lower cost to serve.

We've built serious momentum – and we continue to accelerate.

We're delivering an omni experience for our customers like no one else - making shopping easy, fast, and convenient.

Our value proposition is clear: Everyday Low Prices and a growing assortment across all channels.

In recent years, we've become more connected than ever – digitally integrating the way we serve customers.

Whether their shopping in-store or online they're engaging with a seamless experience powered by stronger tech and smarter tools.

Even when a customer walks into a store, they're still an eCommerce customer.

That's why we're embedding digital into the physical experience – bringing omni capabilities directly into the store.

Think store maps in the app to help customers navigate their trip.

Or QR codes on shelves that instantly unlock our expanded assortment.

It's all designed to remove friction, add value, and meet every mission, big or small.

Here's another example:

In our Auto Care Centers, we're redefining how customers experience auto services with an exceptional mix of convenience and personalization.

All from their phone—with just a few taps—customers can book an oil change, check in, and drop their keys in a smart locker.

As they shop our store, they'll receive real-time updates through the app and get an instant notification when their car is ready.

That's omni at its best: simple, fast, and frictionless.

Need new tires? We've got that covered, too.

Customers can select from hundreds of options in the store or explore our endless assortment online.

All that's left is the installation and of course we can handle that as well.

In fact, our customers are loving this omni option – YTD our online and app tire purchases are up 22%.

No one delivers an omni-shopping experience like Walmart.

We're blending the best of physical and digital-stores and eCommerce-into one seamless experience.

Omni is our greatest value unlock for customers and shareholders. It's the engine behind our eCommerce growth. Once a customer becomes an omni-shopper, their engagement increases.

They shop three times more often – and spend,
an average of 13% more per order.

And when they do? They go big.

Omni customers spend more across key categories:
A 231% increase in the Home category
A 205% increase in Hardlines
And a 184% increase in Fashion

This kind of behavior is driving real results.

We've grown U.S. eCommerce sales over 20% annually for the past two years, and U.S. eCommerce accounts for 17% of total net sales, about 1,000 basis points higher than it was in FY 2020.

Site traffic has surged – growing nearly 30% over the last two years – and conversion is up by 81 basis points.

We've improved eCommerce economics – cutting losses by 80% over the past year.

As John David mentioned, this quarter we are seeing eCommerce profitability in our U.S. business and are expecting to achieve profitability on an annual basis this year.

That didn't happen overnight. We've been on a decade long journey to reshape the economics of our eCommerce business.

We've made great progress in realizing benefits from using our stores as local fulfillment nodes, improving inventory precision, optimizing route density, and seeing customers willingness to pay for express.

Looking forward, our profit progression will be supported by these factors alongside growing our penetration of higher margin general merchandise in customers' baskets.

Now, let's talk about delivery.

We've seen that when customers start using Fast Delivery, it sets off a flywheel effect.

They visit more often, fill their baskets with a broader mix of items, and their average order size goes up.

Pickup and Delivery have become our single largest acquisition channel for W+ members.

You've heard, when customers use Fast Delivery, their spending doubles. And after using it more than four times, their spending triples. Express delivery isn't just fast – it's essential.

Here's a personal story.

Recently, my brother came to visit. He brought my five-month-old niece, Frankie.

When he got to the house, he realized he forgot her carrier. So, what did we do? I pulled up the app and placed an Express Delivery order. 34 minutes later, the item was in our hands, problem solved.

This is where our scale becomes a superpower.

We're not just a retailer – we're a forward deployed fulfillment network.

Our stores and supply chain work together to move inventory closer to customers and deliver it faster. And we're just scratching the surface.

Over the past two years, we have massively expanded our delivery capabilities.

Delivery windows now span from 6 a.m. to 10:30 p.m. and we're only going to continue to meet customers when and where they are.

We're always looking for ways to make life easier for our customers, and that means meeting them at the intersection of convenience and access.
Earlier this year, we announced that we're now offering prescription delivery from stores nationwide.

Prescription delivery was the number one requested service by customers.

We're the first retailer to seamlessly integrate prescription medications and general merchandise into a single, streamlined delivery order.

So, you can get your prescription cough medicine delivered alongside tea, chicken noodle soup, and a heating pad.

As I said before, I want you to think of Fast Delivery as a flywheel – starting with the customer experience.

The better the experience, the more customers spend.

The more they spend, the more “trips” they make.

And as our delivery trip frequency increases, we build density – driving down cost and improving our economics. Over 30% of our customers using delivery pay extra to have their items delivered within one or three hours.

And the momentum continues.

- We’ve improved Fast Delivery availability by 10% year-over-year.

- We’re learning ways to improve delivery speed from Walmart international, who are delivering in as little as 5 mins, and soon we will be testing Ultra-Fast Delivery – reaching customers in 30 mins or less.

Reach is just as critical as speed.

Two years ago, we could reach 76% of U.S. households with same-day delivery. Today, we’re at 93%. As you heard, later this year, it will be 95%.

Our reach with fast delivery is broad.

In addition to being able to deliver in large metro markets like Dallas, we can reach smaller rural communities such as Elizabethtown, PA, with a population of 12,000, or Leonard, TX, with a population of 2,000.

This growth was made possible by technology we deployed to more accurately predict how far our delivery service can reach.

This tech leverages geospatial data to dynamically adjust delivery catchments across the U.S.

We’re also rethinking our footprint.

- Stores are being used as sortation and fulfillment hubs
- But as you saw yesterday, we don't have a stores-only approach for fulfillment.
- We’re scaling next-generation Fulfillment Centers.
- We’re automating operations to drive capacity, accuracy, and speed all at a lower cost to fulfill.

When we pair stores, traditional FCs, and next-gen fulfillment centers together, we can reach 95% of the U.S. with same-day, next day, or two-day delivery on millions of items customers need and want, including marketplace items.

You heard from Latriece—Walmart Marketplace continues to expand our assortment, with hundreds of millions of items.

The Jordans I'm wearing today? I got them through the Walmart app from our Marketplace partner, StockX

We're building relationships with brands and distributors to bring even more sellers on board.

With Walmart Fulfillment Services, we're helping sellers deliver faster at lower cost:

Our rates are 15% below market

66% of top sellers use WFS

WFS penetration hit an all-time high of nearly 50%, up almost 600 basis points year over year

All of this – the speed, the reach, the scale – it's turning Walmart into the most convenient, cost-effective platform for customers and sellers enabling growth and margin diversification through a more attractive business mix.

You've heard others say it – we have incredible momentum.

Our stores and supply chain are our foundation, and our omnichannel eCommerce platform has limitless potential.

We're delivering what customers want the most: speed, assortment, and seamless experiences – online, in-store, and everywhere in between.

All while staying true to what we are known for: Everyday Low Prices.

The future isn't just exciting – it's omni-powered and ours to lead.

The possibilities are endless.

Thank you.

Next, John and Seth are going to join us for fireside chat. Thank you.

John Furner,
CEO, Walmart U.S.

Thank you, Dave. I wanted to introduce you to Seth Dallaire. A lot of you do know, Seth, and Seth you lead the growth org. So, probably best to start with defining the org and telling everyone what all is in the org and what you do?

Seth Dallaire
Chief Growth Officer, Walmart U.S.

Sure. Good morning, everybody. The growth org is comprised of five primary teams or organizations. The first of which is Walmart Connect.

That's our retail media business, our advertising, which many of you have heard of before. We've seen great growth over the past year. Over 26% growth in that business, which we're really excited about. Lots more opportunity there, too.

The growth org also has a membership business, Walmart+ which we've talked a lot about today. We're experiencing double-digit growth in that business as well and a nearly 40% increase in terms of membership income and John David touched on some of those results earlier today as well. Strategically important lots of momentum there.

We also have a team called Data Ventures in the growth organization. The Data Ventures team builds, sells and supports the Scintilla product suite and the Walmart Volt app.

Now that business has seen a Q4 sales comp of more than 50% and the client base for that business is growing at 98% compared to last year. And it's exciting to share that we've secured 100% of our renewals in this first renewal cycle for that business. We also expanded the business to Canada and Mexico, as Ignacio mentioned, that they're using Scintilla in Mexico earlier.

We also have a team called the Customer Data and Identity team. This is not a business necessarily, but it is a new team that's aggregating all of the customer data points that we see across Walmart's businesses and services into a single source of truth that we can use with functions like merchandising or eCommerce and marketing.

And then the fifth team would be consumer facing marketing. So, as part of my role in the growth organization expansion there, the consumer facing marketing for Walmart US rolls up through growth too. And the goal of the growth org is as John David described grow the advertising business, grow the data monetization business, grow membership income and the membership file and help us get more traffic into our physical stores and digital stores.

John Furner,
CEO, Walmart U.S.

So, let's start with Connect. We'll just dive into these just a bit. I mean here are all the pieces how they can work together to help with the mix. But we launched Connect just over, about five years ago, touch more. We've had a lot of growth. But how will the pieces fit together between Identity, eComm, Marketplace and Connect. Talk about how that works together.

Seth Dallaire
Chief Growth Officer, Walmart U.S.

Yeah. So, with Connect, the differentiation that we have for that business relative to other offerings in the market is that we have a lot of scale. So, all of the customer scale that we've referred to today is available for brands to speak to and address as they're shopping.

The other differentiated part of the business is that we offer that full funnel sales attribution. So, you can understand when you invest a dollar in Walmart Connect product, did someone see the ad? Did they click on the ad? Did they add the product to their basket? Did they buy the product? Are they a first time purchaser of that product or a repeat and high frequency customer? That is unique to Walmart across the physical and digital sales channels. So, we see a lot of demand from customers who are eager to understand how our customers are shopping and they want to speak to those customers and influence those purchases, both in the physical store and in eComm.

John Furner,
CEO, Walmart U.S.

So, we named the business Walmart Connect. The idea obviously is to connect consumer group, customer groups at Walmart and our marketplace sellers, our suppliers in a way that helps them build efficiency of advertising.

And then we develop obviously to where we have more insights that are actionable and more data that can help the advertising dollars flow through a way that's most productive for the advertiser.

Seth Dallaire
Chief Growth Officer, Walmart U.S.

That's right. And we've seen our advertiser accounts increase by over 51% year-over-year and most of those increases were driven by marketplace sellers. Those grow over 54% year-over-year. So, as we are making investments in assortment and bringing more third place marketplace sellers into our business.

Those sellers want to understand how to advertise with us, so they can create awareness with our customers, they can ultimately drive sales and compete. So, we're really excited about the growth that we've seen in Connect as it relates to Marketplace sellers.

We've also acquired VIZIO and connected TV is an important part or complement to what we're doing with our advertising products supply across the business. So, we're excited about that for Connect as well.

John Furner,
CEO, Walmart U.S.

So, with the acquisition of VIZIO, the team at VIZIO very similar to us culturally, we've known the team for a long time.

This is an idea that you brought to the company and we're very supportive of it. So, talking about the different dimensions where VIZIO can add value, it's only been a few months. So, we're in the process of integrating and learning growing. But talk about how this is going to play out?

Seth Dallaire
Chief Growth Officer, Walmart U.S.

It's really exciting. So, it works on two dimensions for us. The first is that Walmart customers love VIZIO TVs. So, as you mentioned, we've had a relationship with VIZIO before. VIZIO offers an everyday, low price TV, lots of function and great form in terms of the types of sizes of TVs that they offer.

We've had strong signal from customers that they just buy a lot of VIZIO TVs which is great. But the business of TVs is changing, and TV sales changing pretty dramatically and this is the other dimension. So, it used to be, you would buy a TV for a wholesale price, you would sell it for retail price and that would be the business, that would be the revenue that we would generate.

But increasingly the hardware is less important than the software, the operating system that sits in the television. And when the customer brings the TV home and puts it on the wall or on a shelf or somewhere in the kitchen, let's say and when they turn on the TV that technology and those operating systems allow for a better experience.

They're allowed – advertisers are allowed to speak to the owners of those TVs in ways that are more prescriptive, so they get better, more relevant advertising. And then the technology itself, that operating system that a customer uses allows them to discover new content, could be content from different streaming companies.

So, those streaming companies or the studios will advertise to customers to say, hey, watch my show, for instance. So, there's a big business there that sits in the technology and the operating system that's inside the TV that's quite different. And we now have an option to play in that market. We're really excited about it.

John Furner,
CEO, Walmart U.S.

So, it feels like longer since we made the announcement. But we've we actually made the acquisition, we completed the transaction about four months ago.

So where we are today would be interesting. I think hopefully that explains the longer-term vision. But let's talk about where we are right now.

Seth Dallaire
Chief Growth Officer, Walmart U.S.

Yeah. There's a lot going on. So, we're integrating and onboarding VIZIO as a company and their executives. That work's been happening really from the jump. But we're excited because we're launching a beta test solution in the next couple of months where we will allow a select group of Walmart Connect advertisers to directly plug in and access VIZIO connected TV inventory. That's new. We're excited about that work. And then we're asking the VIZIO team or pushing them to continue investing in the SmartCast Operating System.

So, that's not a business that sits still. Customers and owners of those TVs expect that they will have more functionality, they will be able to discover programs or find the content that they want easier. So, we're continuing to work on that. And then we're also exploring ways that we could offer or extend that VIZIO SmartCast Operating System to other TV manufacturer OEMs. So, lot's going on with VIZIO.

John Furner,
CEO, Walmart U.S.

So, a lot to happen there. Super interesting to be able to combine what we understand people's preferences are with the data as you described earlier through the Customer Identity program. Let's switch gears just a bit over to to Data Ventures, another business area that's even younger than Connect and it has a few pieces in it. So, you mentioned those earlier. Let's just work our way through and talk about supplier insights, seller insights and the other things that are happening in the ventures.

Seth Dallaire
Chief Growth Officer, Walmart U.S.

Sure. Happy to. Some real exciting progress that's happening with Data Ventures. So, there's two primary products that the Data Ventures team builds and services. The first is Scintilla and that's a set of capabilities that allows our supplier partners to understand inventory positions and customer signals and demands and behaviors at a store level grain if they like. So, we're taking that information, we're collecting it with technology and then we're pushing that information out of that data, in APIs, to our subscriber partners, who are suppliers to allow them to interrogate that data in ways that they see fit.

Now, this is very interesting for a supplier, because he may say now that I have access every 24 hours to my share position or sales that are happening in Walmart stores in the US. I might see new trends. Julie Barber earlier today mentioned Poppi as a brand, prebiotic soda. Latriece mentioned Lume full body deodorant. These are two categories that a year or two ago, I'll speak for myself I wasn't aware of. And now they're big areas of interest for our customers. The data in Scintilla will allow a manufacturer of that fast moving consumer good, a beverage or a personal care product to see, hey, what's this product or brand that's on the shelf that's now taking up more sales.

Do I need to have that type of offer in my portfolio to meet that demand with the Walmart customer? Our store operators and merchants use the data as well in exciting ways.

So, if you're a merchant, and you're buying a new product and you're putting it on the shelf, there's some risk there and that how our customers' going to respond to it. So, we may say you're going to put that particular prebiotic soda on 400 store shelves in the US. We now can see how customers are reacting to that product every 24 hours and understand what geez, they're buying that product. Let's now flow that to 4,600 stores instead of 400 and that same data that the merchant uses or the store operator uses, our suppliers use as well.

John Furner,
CEO, Walmart U.S.

And having the platform where it's available to suppliers, to the merchants, to the store operators, we can spot the trends early.

If the organization aligned around growth and we can move really quickly, which then leads to acquisition of the Volt app, now Walmart Volt which helps empowers the suppliers and others that are servicing their facilities in their facility to take the same actions.

Seth Dallaire
Chief Growth Officer, Walmart U.S.

That's right. The Walmart Volt app is used by suppliers who are in our stores or service providers who are in our stores. So, one example might be, if I'm delivering some freight, let's say beverages, pallets of beverages to the back of a Walmart store. If I show up and there's no associate there to receive the order, well, then that's time wasted for me before getting off to the next delivery.

Vice versa if I have an associate ready to receive the order and we thought the truck was coming 30 minutes earlier and they're not there, well that's time wasted in the store as well. And then we may not have the product on the shelf. We may be missing orders if that's inventory that needs to backfill an inventory position.

So, Volt allows the supplier to see what's happening, what task they need to do and that savings allowing the associate to be on side for receipt of something like beverage in the back of the store, gets the supplier off more quickly which creates efficiencies for their business, and in a network like ours is quite large opportunity, but then also helps us to get product accurately into the store, on the shelves, so we hit first time pick rates, we hit pre-sub (pre-substitution), post-sub (post-substitution). We delivered perfect orders for customers and members, which keeps them coming back and shopping with us.

John Furner,
CEO, Walmart U.S.

Exactly right, and the data that comes out of Volt is increasingly being integrated into the process and workflows that our associates use.

So, whether it's a supplier or an associate or some activity that may determine that we have a nil pick or out of stock, that's just data that helps feed the loop. And it's another way that at Walmart, collectively, we can listen to the people that are taking care of our customers rules.

Listening in-person or from the data coming through, it's just making us be a better operator.

Seth Dallaire
Chief Growth Officer, Walmart U.S.

That's right. And the – as we were investing in the and making progress with Walmart Connect on the advertising side, suppliers were saying, how do I connect the advertising investments with the behaviors or sales that I'm seeing every 24 hours by store, by region.

I can be more efficient by flighting my advertising and marketing support to those areas where I'm seeing the best performance. So, we've joined those two things together now.

So, a lot of the observations that you may see at the shelf or in a store or in the app, a supplier can now apply those to Walmart Connect and use our Walmart Connect Ad Center to actually bring them to life and act on them and drive better results.

John Furner,
CEO, Walmart U.S.

That's right. So, for a seller supplier, a store, an operator, a merchant, all of the individuals, all the teams who are trying to drive sales with more customers, it gives you actionable insights, real time information about what's actually happening.

So, if you think back to the time and launch, we launched our pickup delivery business, that gave us insight into what people were trying to buy and what we get actually fulfill at the counter, which has made us, which made our merchandising team stronger, which made our modular stronger because then we knew true intent versus what we sold.

Pulling all this together, this works in the same way, the same way which then leads to, the value then that you can create with Walmart+, and the idea of amortizing shipping cost, delivery costs over time and a suite of benefits that come together.

You mentioned some great stats about Walmart+ earlier and we talked about a few moments ago, it's 90% of our from store delivery volume, lot of progress. So, pull all this together. How does it help our Walmart+ members?

Seth Dallaire
Chief Growth Officer, Walmart U.S.

So, when we have better assortment at an everyday low price that drives frequency and if we're allowing our customers to shop however they prefer, whether in the physical store or in the app, well then it obviates a membership. That frequency, you might say, well, gosh, I'd love the convenience of delivery. That was something I never had before. You try it once.

If we have the right assortment for you and deliver the perfect order, meet the delivery experience that you want. Well, then you may join or try to join the program, in which case then you may become a full price member and then you renew if the experience is good.

The types of members that we have and the demographics of who our members are is pretty interesting as well. Not surprisingly they look like the Walmart U.S. customer base, really they are representative of everybody. We have parents, busy parents, millennials, students, if we got people like Dave who are looking to get a fast delivery for a relative, we have students and we have people who are using government assistance, we have people and the lower household income category, but then we've made a ton of progress with people with higher household incomes as well and the things that are universal across the membership program are set once we see them become members, their spending behavior changes with us pretty dramatically. So, we see members have twice the frequency of visits to our stores as non-members and then they spend three times as so much. And some interesting things about the members is that they kind of use the program in different ways, so the primary benefits have been delivery.

If you are in the lower household income category, you love the fact that you can get the groceries delivered. You don't have to give up an hour of work in order to go do the shop. And the delivery saves you the cost of public transportation or fuel cost or you using a ride sharing app, for instance, like a Lyft or Uber. So, that works really well. We hear from our assist members that that's really important. That to me was not obvious in joining the program that, that group of customers would have discretionary income to spend with us. They tell us they really value it that way.

The other end of the spectrum, with households that have higher income, they love the frequency. So, all the things that Dave was talking about, frequency, fast delivery. The people that are using fast delivery are that segment of our member base that are using it most frequently. They love the convenience. They love the fact that they can get things faster. So, two different, very different groups in the membership, all of the members using the program in different ways.

John Furner,
CEO, Walmart U.S.

So, the program is designed to be very flexible for all of our customers depending on how they want to shop the brand and consistent with what you heard earlier from Sam's Club as you can help earn the business from a customer from in-store to digital and then into this frequent delivery program and then the membership spend goes up. It's about 3 times the average.

So, when you – we take a step back and look at what Seth has done inside the company, it's a combination of understanding customer intent digitally, applying it across multiple channels. And in this entire business, we call the growth org which is marketing, design, Walmart Connect, Data Ventures, Walmart+. It's a bit of a flywheel within itself. But when you apply that flywheel to the entire business, we see it as a very powerful accelerant is going to help us with customer relations. All these programs we get will be deserved if we deliver the order in full, we delivered on time. We see repeat rates.

The faster we see deliveries happening, the more customers we see coming back. So, this is a great example of a flywheel that is helping the entire business and it's mixing the business up. So, a lot of benefits coming here not just to the business, but more importantly to our customers, our advertising and value creation for all those involved.

So, Seth it's been great to have you on the team. Thank you taking the time to come up.

So, we are going to break for few moments and will take a short break and then we'll come back in, in just a few minutes, and then we'll set up for question-and-answer.

Seth, thank you.

Thank you, everyone.

Seth Dallaire
Chief Growth Officer, Walmart U.S.

Thank you.

QUESTION AND ANSWER SECTION

Steph Wissink
SVP Investor Relations, Walmart Inc.

We have 45 minutes scheduled for our Q&A session, and we'd like to get in as many questions as we can. And so, we ask you to respect each other and ask one question.

There are two mics in the center of the room. Raise your hand, we'll bring you a mic.

Please state your name and affiliation and then pose your question. We'll begin with the mic on this side, and then we'll move back and forth as much as we can.

We're ready to begin.

Simeon Gutman, Morgan Stanley

Hello. Simeon Gutman from Morgan Stanley. I'll make it one question and I'm going to hit tariffs. I wanted to ask how you're approaching tariffs, product costs, supplier relationships, pricing, realize there's a lot of moving pieces and we don't know.

But the math for some product categories and for some retailers would say either prices have to go up a lot or some retailers may not be in existence.

So, curious how you're thinking about all the moving pieces and how we should think about it?

Doug McMillon
CEO, Walmart Inc.

In case any of you want to place an online wager. The current over and under on tariff related question sits at 6. That's the number that we have all chosen.

I also want to mention that Suresh Kumar has joined us. Suresh leads the tech team and he's doing great job.

Simeon when we think about the situation, we're not unfamiliar with tariffs over time including staring in 2017 and it's a very fluid situation, it's a management opportunity and that's the way that I think about it is. We can't control somethings. We're going to focus on what we can control.

We're going to do our best to keep prices as low as we can. Inventory management is always important, but it becomes even more important in this environment. So, where our merchants are making quantity decisions where they're dealing with pricing that they didn't anticipate when they set their plan. All those kinds of management related decisions become really important.

In our case, we have the benefit of mix management. It's great to be in a business where we sell fresh produce and we sell apparel and we sell hardlines. And now we have stores and a growing eCommerce business that, as John David mentioned, in the US, we expect to be profitable this year. So, there's just all these variables related to different aspects of our business. Earlier today, we were talking about Marketplace. That's another set of variables.

We'll approach it in partnership with our suppliers. We've been doing business with these companies and the vast majority of cases, factories around the world for a very long time. And we want them to be successful.

We need them to be here. We want them to be able to invest in new product development, for example. After doing this for a few decades, I still see familiar faces as we have different supplier conversations. Two thirds of what we sell in the US is made grown or assembled here. There could be embedded costs over time that go up on that portion as well as the other third.

So, we'll just manage it in a way that mix becomes a strength. Creativity becomes important. We have over the years adjusted country of origin on some things, and we will manage that mix artfully with this experience that our merchants that we've got and we'll take it a day at a time.

Robert Ohmes, Bank Of America

Robby Ohmes from BofA Securities. My question is on digital advertising. It's obviously very important to you guys maintaining the algorithm. In the broader digital advertising market, there are some concerns that market may not grow that much this year, depending on the environment.

And I was just curious, can you kind of walk us through why Walmart's digital advertising business might be more immune to a broader shrinking in digital advertising and other types of players that have, are larger than you and that market?

Doug McMillon
CEO, Walmart Inc.

Yeah. John, you may want to engage Seth as well. We have advertising businesses around the world.

John, would you like to go first?

John Furner,
CEO, Walmart U.S.

Yeah, I'd love to. Thanks for the question, Robby. First, take a step back and the journey of eCommerce has been really exciting over the last few years. We've made progress with Fulfillment, with bringing the apps together. We've built stronger delivery capabilities. You saw some of those yesterday.

A lot's happened in the supply chain. And I say all that because it enables not only the growth of the stores, but obviously 1P commerce and then our marketplace sellers have opportunities to enjoy the services that we offer, connect to more customers and something that Seth said earlier is really important is our growth, our primary, our fastest growth has been with marketplace sellers and then number of sellers that are using the services.

And this business which it's about five years old. Since relatively young, in our terms we feel like it has a lot of room to grow, so regardless if the market is slightly up, flat, who knows what will happen We have an opportunity to do more with our suppliers and sellers because you heard this a few times today in many ways we felt like we're just getting started and some of these business we are just getting started in the couple of years. Do you want to add anything?

Seth Dallaire,
Chief Growth Officer, Walmart U.S.

Yeah. Just that the emphasis on building assortment in the 3P marketplace will bring a large number of potential advertisers forward for us. So, we think we're just getting started there.

So, we have a lot of opportunity, as John mentioned. Similarly, our attribution and the ability to measure sales are impact of marketing investments both in a physical and digital channel is unique at our scale. So, we think that, that makes it pretty durable and interesting model as well. I'd lastly, ask you to consider the VIZIO piece of the business in that.

That's a new connected TV inventory supply pool for us. There's a ton of advertiser demand behind that. That was our fastest growing segment of offside inventory in the past year. And we think bringing that into the Walmart business offers us a lot of optionality for growth because that's new placements that we had only been accessing through our relationship with the Trade Desk in the past.

John David Rainey
CFO, Walmart Inc.

I can just add one thing too, Robby. It is a relative game also. And as we've seen in times like this in the past, customers when they're looking for value are going to come to Walmart.

And if you're an advertiser, you want to follow the eyeballs. And so, I think we stand pretty well positioned there.

Kath McLay
CEO, Walmart International

And if I could just jump in as well, too. I think one of the things we've been talking about, too, is how do we scale best-in-class tech across the entire enterprise as well. So, digital advertising is a great example where we were able to look at the tech capability we had around digital advertising in the US was superior to what we had in our other markets.

And so, we've built out digital platforms that enable us to now bring those markets on with that kind of tech that the US had built and it's unlocking opportunities in each of the markets that previously went there.

They had digital advertising businesses, but they had been developed locally and they were really more of an omni based and didn't have marketplace capabilities.

So, really it was only just in the last six months we started unlocking digital advertising for our sellers across international. So, we really think that there's a lot more upside for us because we're just beginning on that journey

Chris Nicholas
CEO, Sam's Club U.S.

We feel the same way with Sam's Club. The difference with Sam's Club, it is about quality versus quantity.

And the thing that's great about us is that the loop of enriched data that we have for all of our members that keeps getting richer with every interaction, we get to use that to sell uniquely high quality insights to our suppliers and again we're just getting started.

Gregory Melich, Evercore ISI

Thanks, Greg Melich with Evercore ISI. I wanted to double click on something you said before, Doug, which is you've seen this before and you've managed through it.

How do you see your price gaps right now? And given the volatility in the world, is this the year or the time that we're going to be leaning more into value or more into convenience or more into assortment as you think the ways to really reinforce the share gains for the last few years?

Doug McMillon
CEO, Walmart Inc.

Yeah. Thank, Greg. When I think about this across countries, I think the starting point is that we like where our price caps are. We want to keep them.

So, step one, I think the mindset is that we would at least maintain those gaps. If you had us choose between widening them or having them narrow, we're not going to let them narrow. So, I think we're going to end up with this situation where we may see some improvement. It depends on what happens with everybody else.

There's so many variables playing out in terms of what costs are going to be, where people source from. We're going to have to manage this as we always do daily. But the starting point would be we like where they are.

Peter Benedict, Baird & Co, Inc.

Hey, guys. Peter Benedict at Baird to your left. Hey. So a question on Sam's Club. Curious the pace of remodel activity that we can expect at the Club we will see later today. And then a question on kind of the TAM. And it was mentioned a couple of times, the TAM for Club sector is enormous, I think there's little over 1,400 clubs across the three, the bigger players here at the US.

Can you give us a sense of how big do you think the club business can be in the US? I mean, it takes shares from a lot of different players. Just any perspective on how do you think about potential market share for Sam's and for club sector. Thank you.

Chris Nicholas
CEO, Sam's Club U.S.

Good stuff. On remodels – thanks for the question, Peter. On remodels, I'd like to go faster than we're probably planning to be able to go because we want to deliver them in a solid way over the planning horizon is what I would say. So I'd love to say that they're all going to be done in seven to eight years. I hope we get them done faster. And then we'll be on a constant cycle of remodels. Keeping your clubs up to standard, making them great places that people want to shop is something really important to keep on top of. And I've been at a bunch of clubs that are incredible.

They've just got such high member engagement. Our associates are loyal and they're long tenured. But they're working at boxes that are 40 years old and I think their members deserve more. And what we see is when we give that investment back to the community and back to our associates, the membership grows, the loyalty grows, they go and tell their friends and we bring more members in. We've seen great growth in membership in Grapevine and we want to see more of that too.

On the total addressable market, I would tell you this that between us and our main competitor, I think the share is like 6%. So, when you look at the quality of offering, the omni options that we're giving people, speed, value, great assortment, all served in a frictionless way, we see, let's just say, as long as I can see forward, the growth is going to come from all parts of the country. We're not tethered to clubs anymore because our eComm offering is broader, it's faster, and it's great value. We see opportunities in whitespace all over the country for new clubs, which we're excited about.

And if you think about this, like a Sam's membership, a Plus membership, you would know this, I'm sure you're a Plus member, is $110. You can pay that very quickly. If you buy one great item of GM, you might get four or five times that value. And we expect more and more households to see that. And we have great data to know who's not members today, and we're using this increasingly personalized approach to targeting people who we think would be great club members to come to us. And that's all the way from the

Gen Z and millennials all the way up to those folks that are just two people at home because their kids are empty nesters. We see growth everywhere across it. So, it's a good place to be.

Brad Thomas, Keybanc Capital Markets

Great. Brad Thomas from KeyBanc over here. The question is on the financial outlook. And that outlook for operating income to grow faster than sales is the same as two years ago.

You've had very impressive results over the last few years and the growth businesses that are higher margin are even bigger and so mathematically should contribute even more. And so, the question is really, if we put aside tariffs, easier said than done.

But if we put aside tariffs, is that still the setup that operating income mathematically should be even easier to get at the rate that we've been seeing of late? And how do you think about balancing, flowing it through to shareholders versus reinvesting in the business?

John David Rainey
CFO, Walmart Inc.

Yeah. So, I talked about in my earlier remarks that as these faster growing, higher margin businesses proportionately become a bigger part of our business, certainly as you move forward into the out-years, you should see the ability for us to have even better margin expansion than what we've seen. But I think we've done a good job balancing that with the investments in the business over the last few years. And in any planning cycle, there's always a risk of not executing perfectly on everything that you draw up on your plan.

There's also investments that you don't anticipate that you need to react to.

The guidance that we've given, I think, gives us the flexibility to manage both those. I think it's the appropriate outlook for us. If you look over the last two years, as we talked about earlier, we've grown the top line 5% and almost 2x that on operating income. We certainly have that kind of potential going forward.

Now, the period of time that we are in obviously has a lot of uncertainty and we'll manage through that and we're going to be focused on achieving our strategy, but also at the same time playing offense, like trying to gain share. Because if you look back two years ago when we saw inflation, we invited a lot of new customers to Walmart with high prices.

And what we saw over those two years is they stayed with us. We have the similar opportunity today.

But yes, I think we have a tremendous opportunity as we go forward to not only see earnings growth, but free cash flow growth as well. But we want to balance that with the level of investment that we both anticipate and maybe don't see today.

Kath McLay
CEO, Walmart International

Can I just say on the topic because I want you all to track with us as we go through our earnings results and in international in particular. Last year, it was a 9% top line, 17% bottom line growth, but Q1 was 11% and 27% bottom line growth. And the thing I've learned in international is that every quarter is kind of choppy. And so I'm going to be lapping a really strong Q1, but I think that equation holds but, like my results, end up being a little bit up and down through the quarter. So, just wanted to like put that preface out there before we go into earnings.

Doug McMillon
CEO, Walmart Inc.

You know now what it's like to negotiate with Kath over a budget.

Scot Ciccarelli, Truist Securities

Scot Ciccarelli with Truist. Your eCommerce business was losing over $1 billion annually not that long ago, couple years ago. You expect it to be profitable this year. Can you help us understand how much of that profit improvement is from scale and the lower cost to serve that, we kind of saw and heard about yesterday, versus the profit streams from advertising, 3P, kind of the other things are kind of getting at into it? Thanks.

John Furner,
CEO, Walmart U.S.

Yeah, Scot. We look at it every way you just described. And if you go back a few years, our eCommerce business was heavily focused on a first-party business delivered from fulfillment centers. And then, a few years ago, we made the decision to combine our eCommerce application, our app, that was for the first-party eCommerce business, our pickup and delivery business and stores, really helpful.

Suresh and I worked on that and the team for a few years. We got everything in one place. We then expanded our eCommerce offering to include store delivery, our 3P businesses expanded. And as a result of doing those, that has enabled us to be in the position to launch the Walmart Connect business. The data of course is somewhat tethered to eCommerce, but it also represents the entire customer experience.

And then, for our marketplace sellers, having a value where they can access customers at costs that make sense for them on their P&L. And then ultimately having an advertising business where what Seth said is right, being able to attribute sales from what customers see, to what they put together, it's all important.

So, then the second part is we have gotten to scale and we knew scale was important particularly in the size of business that we run and the geographies, it's a really big country. So we have to think about how you build density and frequency and delivery from fulfillment centers and from stores, the delivery and frequency. As those have increased, we have seen our cost down. And then over the last couple years, you also heard – you've heard a lot today about our fast delivery services. Customers value their time and in some cases as much as the cost.

But we're going to stay focused on value. We want to deliver quickly. And when you add all that up, we're in the position now where we can say what we said you this morning is we have moved from losses, last year was an improvement, losses of about 80%. We're experiencing profitability. We think that we'll be able to do that for this year.

It's really exciting. I'm really proud of the team because we had to work at this for a long time and keep figuring out what's the formula, what's the equation to build an omni business.

Walmart is one of one. John David said that earlier. This is a unique business with the store footprint, the supply chain footprint. It's changed a lot in the last few years.

All that put together, what do we want to do? We want to serve customers with the lowest prices possible. We want to serve them as quickly as possible, whether they shop in the store, at the curb, in their home, on their driveway, that's for them to decide. So, increasingly, we'll continue to focus on customers, what we can do for customers, we'll earn their business, grow share, we'll manage them in the middle of the P&L. Short term, long term, we'll have a strong focus on how we manage the middle so we can deliver results for our shareholders.

John David Rainey
CFO, Walmart Inc.

I can add. The densification of our network matters a lot, too. Chris and I were joking yesterday as we were going through the FC and he was relaying like when we first started building that, there's a little bit of we've got to make sure that we can fill this – and we have the demand for this in the volume and we've been able to see that.

We talked about US eCommerce profitability, but globally we're making similar progress. In fact, people have asked what's changed given the current environment. I think if we were to rewind a month or two ago, we may have felt comfortable saying that we think we could achieve profitability on a global basis this year.

Our plan had assumed that it was by a thinner margin, US is helping to support that. But given some of the pressures that we see like we've highlighted, Mexico is an area that has not performed as well as what we initially expected. Maybe that's in jeopardy, but the progress is on the same trajectory.

We're doing really well in our international segments, and it's a big contributor to incremental margins as these segments and these entities are going from loss-making to positive, it's driving a lot of the overall margin improvement.

Doug McMillon
CEO, Walmart Inc.

We know what the model is.

We're just executing a scaling model. And as John said, we look at with and without advertising, and at some point, we'll talking about what it looks like without advertising and that it achieved profitability that way as we scale it.

Michael Lasser, UBS Securities

Good morning. It's Michael Lasser from UBS. Walmart has grown up during a period of globalization. And so, arguably, it's been able to harvest a great portion of the profit pool of a more efficient global economy. If we enter a period now where there is de-globalization, less efficiency in the global economy, does that impact Walmart's ability to gain as much share of the global profit pool of connecting goods to consumers?

And you've laid out this algorithm that growth top line 4% in operating income, above 4%. Presumably, you're going to say, listen, costs were fungible and we'll be able to adjust. How long do those adjustment period takes place? Meaning, if there's a year where you're growing both profitability below average, is it reasonable for shareholders to expect the following year that you would grow above average to get to those average levels? Thank you.

Doug McMillon
CEO, Walmart Inc.

Yeah, there's a lot in there. Michael, I think the first answer is our assortment breadth helps us everywhere. And we've wanted to buy goods locally forever in the US that means made in the USA. Sam Walton was known for that. We do good work around the clock really and during the year to identify suppliers that are here in the US, new ones or existing ones that we can bring in to the company to help increase our US percent to total. There's a similar process around the world as we grow.

So, I think just like every other retailer, we will have a period of time to adjust, and it's just impossible to call how that's going to play out by quarter. I wouldn't attempt to answer the question about next year. We're just going to update you as we go from quarter-to-quarter. We'll try to do a good job of being transparent about what we're seeing.

Again, our confidence level's high because we've seen great fluctuation in the supply chain, 2020, 2021. A number of us have experience in South America in the past dealing with inflationary periods. We've seen this before and we know how to manage it. And we'll update you as we go.

Chris Horvers, JPMorgan Securities

Chris over here on the left. Thanks. Christopher Horvers from JPMorgan.

As you think about reaffirming the guidance for the year, it's a very confident front-footed thing to do. What gives you confidence in that outlook? Whether it's your mix, whether maybe somethings are coming in that are expected?

Like the US eCommerce profitability seems to be coming in sooner than you would have thought versus the strategy of tabling it, and addressing it in May, when maybe we know a little bit more about what rules we're operating under? Thank you.

Doug McMillon
CEO, Walmart Inc.

Yeah. John, David, and I and others can chime in, if they want, will address that.

When I think about our situation in the income statement. There's a lot of activity that will likely happen as it relates to tariffs and that cost of goods and gross margin area. And the confidence that we have is in, we believe we've got the people, the experience, the tools to be able to manage what happens with unit quantities, cost of goods, retail prices, watching relative pricing versus competition. We can manage that part of the income statement well.

And the underlying changes that we've made are going to continue. People are still going to migrate towards eCommerce. People are still going to want delivery. And we've got room to improve on curbside pick-up, on delivery, on delivery speed. Just in retail, you get what you earn. I guess that's the way it is in all business. It's certainly true in retail.

If you deserve it, customers and members will reward you with business. If you don't, they won't. And we have confidence in our ability to continue earning their business as we do things like remodel stores and improving the areas that I just described. So, you could flip the question around. You could ask, why didn't you withdraw guidance, for example? We just don't know enough to say we're not going to make this year, and our attitude is, we're not given up on that. And we can manage these things, and if that changes, at the appropriate time, we would update you.

John David Rainey
CFO, Walmart Inc.

It's hard for me to improve upon that, but we're – as I said earlier, basically, one week into this new environment, there is not anything that we see right now that would say that we should give up on the year. We've got a lot of levers and we'll be pulling those, and we'll be managing through this.

And as we've talked about several times over the last day-and-a-half, we've seen historically in times like this that we gain share. Customers are coming to us. And so, that has an advantage to our P&L as well. So, as we sit here in the middle of April, we're still optimistic that we can achieve that outcome for the year.

Zhihan Ma, Berstein Institutional Services

Great. Hi. Zhihan Ma from Bernstein. I wanted to ask about your long-term profitability outlook. Given that while Walmart US used to be about 7.5%, close to 8% EBIT margin business back in the days, is there a path for us to get closer to that level in the next couple of years with the help of better eCommerce profitability, better high margin business mix? What does that timeline look like and what are the key building blocks? Thank you.

John David Rainey
CFO, Walmart Inc.

Yeah. We certainly would hope that we would be able to get up to some of the margins that we've seen historically without committing to any specific number, but we think structurally, our business has changed in a way that we can see much higher margins than where we are today. Again, as these faster growing parts of our business that are higher margin become a bigger part of our overall business mix, it is just math, and that's going to happen.

But at the same time, we don't want to shy away from investments. Some of those investments are not just balance sheet, they're P&L investments if they position us to be more successful longer term. And so, I think, we have the latitude and perhaps, the luxury to be very balanced in the way that we approach that to play the long game here. But we certainly are going to see margin expansion based upon what we are planning in our strategy right now.

Karen Short, Melius Research

Hi. Karen Short from Melius Research. Thanks for today. So, the question is, what surprised you about US with respect to becoming profitable on eComm this early? Because I think, that would not have been and what I would have expected based on your earnings call. But along those lines, can you talk a little about what the average delivery mix has done or dollars for the delivery, but also what the mix has done over time as it relates to consumables versus non?

John Furner,
CEO, Walmart U.S.

Hey, Karen, so, a number of things have come together. And just the announcement this morning is exciting, but that is on the back of an 80% improvement last year, improvement the year before.

And it starts with the customer. First of all, where is the customer headed, it's a large retail market, it's been growing, about 1%, 1.5% of retail has shifted from physical to digital for a long time. There was some variation during the pandemic that level back out, but that's about where we see about 27% roughly of the way we would define the retail market as digital and continues to grow. So, we need to be where the customer is.

And if the customer chooses to order online, if they choose to have something delivered into their refrigerator, pick it up [ph] around (03:36:15) the store, we want to be there for all those. We just want to be an agent for the customer.

As you look at the overall economic, scale is important. You saw some great investments that we've made over the last few years. We'll see more this afternoon while we're in the store. So, all these investments were designed to help the customer – Walmart deliver the best omni experience that we can to our customer.

And then, launching Walmart+ was an exciting part of the journey. We said this morning about 90% are from store deliveries, our Walmart+ members, they consume a large part of the volume that we're doing in commerce, mixing that together, then with marketplace sellers, and helping them reach new audiences, and then building the businesses on top of that Walmart Connect, Data Ventures.

All that put together have helped to reshape the economics. And I don't want to step past the work that a lot of the team, who a lot of them are here in both sides of the back of the room, have spent a lot of time the last few years on inventory management and you've heard a lot from us on inventory management the last three years, again, we'll show more things in the store this afternoon.

It's really important for us to understand what we own, where we it is, how is deployable, having inventory placed in 4,600 locations close to the customer is a massive enabler to help people with everything they need and everything they want.

This idea of delivering prescriptions mixed with grocery, general merchandise, that's really unique to be able to do that in an hour. And so we're just going to continue to do the things that we hear from our customers to build frequency, deliver densely in neighborhoods.

We want to try to ensure that we're listening. You heard Latriece this morning talk about a number of brands and private brands. A lot of those ideas come from our customers and search data, come from things we hear from our customers. They come from what our stores are telling us.

Chris Nicholas, when he was CEO, did a great job of building our capacity and building to listen to our associates, listen to customers and react to those quickly and I'm really proud of the work that he did there and the teams continue in that as we move forward.

So again, just look at us at our ability to serve customers, how we're growing share in the top line. I think we have a good plan and a good model to manage the middle, all that put together, we're in a good spot to continue managing the profitability of eCommerce going forward.

John David Rainey
CFO Walmart Inc.

I've been so impressed with what you guys have done in improving delivery cost. And Karen for me, like if you were ask me, not being as involved as John is on this, the customers willingness to pay for express delivery, to have something within one hour or within three hours, we fully have a-third of our customers that are doing that today, it shows you the importance of speed.

We talked about that both internationally. Talked about in our Sam's business and the US business, but that helps defray some of the cost that we incur when we're delivering a package, also batch density, the fact that we've densified our network announced delivering a package to one house on a street, we're doing at five houses on a street, all these help the improvements that you've made in delivery cost.

Joseph Feldman, Telsey Advisory Group

Joe Feldman, Telsey Advisory Group. Yesterday we spent a lot of time seeing automation in the distribution facilities. Can you talk more about the pace of that rollout to other facilities and then other opportunities within the existing framework that you can maybe take in without a full conversion and sort of the pacing of that as it cycles into profitability over the next few years?

John Furner
CEO, Walmart U.S.

Yeah. I'd be happy to take that one. Exciting facility that we saw yesterday. We have four of those up and running. We have another in construction that's getting close. Over time, I'm sure we'll expand the network.

About half of the building yesterday is fulfilling marketplace items as well as first party inventory, really efficient, it's a great environment to work in, that was a relocation of a facility, we got a number of associates transfer over and they've done a great job getting it up and running.

Importantly, whether it's eCommerce, or perishable centers or the regional centers, we are very convicted and confident that the model we built with those centers is very scalable and so the pace is exciting and all of the networks we're going as fast as we can go.

And the reason I say it that way, we were all together in a facility last week in New Braunfels, Texas and many of you were in Brooksville with us a couple of years ago and you saw how Symbotic works inside of our building with the single mod.

We've expanded that in a few buildings where there are two moods running and in that building we're in last week, we're seeing the two running and a third on the way. The benefit to having the center completely automated.

Number one, it's very accurate. We know where our inventory is it's very fast, the inventory is deployed and it's distributed by aisle on the pallets, so when the store receives it, the pallet is setup ready to go for the aisle that saves our associate time unloading in the store, it saves on time with stocking in store and helps us the availability.

We're building a 24-hour network and with mods running, a large part of the super center and almost all neighborhood markets will be 24 hours away.

So, the accuracy of knowing what you need based on demand, what's you expect, I talked about agents and other things, helping us understand the local level demand, knowing what's needed, knowing how it's deployable, meaning just a few hours away from a deployment is a great benefit for all of our store associates.

I started in stores 32 years ago and our systems were you would write it down and you would look and you would move inventory around and you'd do the best you can within stock. We have so many tools today that tie all this together.

So, when we're in the store this afternoon, we'll show you the way that the associates are managing their inventory, the way the manage the store. It's all connected.

This is a connected system. Suresh and team have built platforms for us where we can see what's happening. We know in real time what's happening. We use computer vision. All these tools come together so that our associates in the home office, in the supply chain and the stores are really well equipped to be able to serve customers frequently, customers however they want to be served.

And we'll just continue, as we said earlier, we're going to do everything we can to keep prices low. We're going to manage our costs, our supply chain costs. These will all help our cost. And finally, we're going to manage our inventory really carefully.

Kath McLay
CEO, Walmart International

I think too, as you think about that rollout of automation as well, I was anchoring before on how we learn and that learning agility, we've had AGVs which is autonomous guided vehicles within our supply chain across international which is a quick deploy and a lower threshold cost to be able to get it in place.

What we've been doing is watching as you've been building out these capabilities with Symbotic, with WITRON etcetera. And we want to be the fast follower. So, we've now engaged Symbotic to deploy that level of automation into Walmex and we're looking at other opportunities with them as well too.

So, there's so much value that can be created by leveraging the capabilities and learnings in each of the parts of the enterprise and then deploying them across F.A.S.T.

Doug McMillon

CEO, Walmart Inc.

Inventory flow and accuracy is one of the key drivers of our economics. And if you think about morale, clean backroom that's flowing drives associate morale more than anything else.

And when I look at what we had, it was all built for what we needed at the time, the ambient network for discount stores and then a perishable network for our food business, and then an eCommerce distribution process fulfilment center network.

Now, it's more connected. Data is more connected. Software is more connected. John mentioned platforms. What Suresh and the team have done to create commonality enables us to optimize and we weren't able to optimize before we were by nature sub-optimizing.

And when you layer AI into this entire equation, you think about improvements in forecasting in other areas, it gets really exciting to think about what's possible in the future to do a better job of protecting demand, matching it with supply, and taking out all of the costs and other friction that goes along with imperfect freight flow.

Kelly Bania, BMO Capital Markets

Hi. Kelly Bania from BMO right over here. The shape of the P&L has clearly changed so much for Walmart over the last several years. I guess the question is if we get into a tougher macro this will be first time investors will kind of see how that holds up in a different environment.

So, question is on two components of that. First on the advertising what kind of advertising growth is embedded in your forecast and are you seeing any signs that some of that top of the funnel ad dollars are already being pulled, I think that's typically maybe what can get first to go.

So, that's the first part and then two on membership. How much of your members for Walmart+ pay monthly versus annually?

John Furner
CEO, Walmart U.S.

I'll take the first one and feel free to jump in. On the shape of the P&L and specifically with the advertising, advertising will reflect how well we execute our eCommerce business first and third-party.

First-party would include first-party inventory and fulfillment centers, it includes inventory that's in the stores and if a customer needs an item, let's say it's a sweater or a soccer ball, football, whatever it is we want to deploy the inventory to them that is closest to them and we want to be really specific.

The more specific they are, the more specific we want to make sure that we show them the catalogue where they can transact. If they're open to discovery, then of course we'll open up the aperture more where they can see more of an assortment, and we want to be able to deliver that.

As far as the mix of how this can come out, we're built for any economy. Of course, if we had a choice, we'll take a strong economy. That's always the best position to be in. But in a weaker economy, we can rely on our team.

And again I'll look to this group back here. They have years and years and decades of experience dealing with delivering value the very best way they can. And we do that in a fair way.

We want to make sure that we charge a fair price, we make a fair margin, our suppliers are able to make a fair margin. It's a big system that has to work together. But when people need value, just like what John David said earlier, three years ago, we were able to meet a lot of new customers. I believe that has also a lot to do with convenience and ability to serve them however they want to be served. And they've stayed with us. And this could be potentially another situation where our value will be really appealing to a lot of customers.

Doug McMillon
CEO, Walmart Inc.

And then Walmart+...

John Furner
CEO, Walmart U.S.

Oh, Walmart+, sorry. It's a mix. Yeah. Sorry, but it is a mix. So, as said earlier, we are pleased, very, very pleased that the membership base is very diverse in terms of incomes, how they pay, some pay monthly; obviously, a large percentage pay annually, we have students, we have families, individuals. But this is not a membership program that, I would say, skews one direction in a big way. The team has built in a lot of flexibility with benefits, streaming benefits there.

It all anchors of course on delivery. But these individual benefits, it's important that we have a wide selection people can choose. So ultimately, what's most important in there is delivery. And people using delivery is where we see our customers move from stores to omni, and then the membership program that increases spend, and then using fast delivery more frequently we see an additional step change in how people are spending with the brand.

Rupesh Parikh, Oppenheimer & Co.

Good morning. Thanks for taking my question. Rupesh Parikh, Oppenheimer. Just going back to the discretionary category, we'd just love to hear your thinking on how you guys are thinking about the discretionary category for the year. I know I think earlier today, Jamie Dimon was calling for maybe a recession. So just want to get a sense of how you guys are planning in discretionary, how you're thinking about it?

Doug McMillon
CEO, Walmart Inc.

Margin mix comes to mind and higher price points come to mind. I've been thinking a lot about outdoor patio and grills lately as it relates to this. I think that's where mix becomes important. There may be some higher price points where we take a shorter margin than we might have historically and spread that cost pressure somewhere else so that we can manage the total. And we'll use the tools that we have, the math and science that we have, but also judgment that we have to try and mitigate that because we've got to sell through especially seasonal items at a high enough level that the P&L works.

Oliver Chen, TD Cowen

Hi, it's Oliver Chen, TD Cowen. And regarding AI and agentic AI, AI was pervasive throughout the meeting. What would you prioritize as the top AI factors in terms of how we should think about? And what would move the needle and modeling. And as we look forward on the recession risk factor, general merchandise has been a bumpy category. What are your thoughts about innovation there as you think about so many categories within general merchandise?

Doug McMillon
CEO, Walmart Inc.

Yeah, you guys take the, the second question, as it relates to AI, Suresh, I'd like for you to comment. I would just say, first there are top down initiatives, use cases, all over that we know, we want to solve for, and we work together on those. But we also want to distribute AI to all of our associates so that organically we get goodness. And that's been done through associate apps and through some of the merchant tools that we spoke about earlier and in other ways.

Suresh Kumar
CTO, Walmart Inc.

Yeah, look, I think we are in a very, very exciting time, when it comes to technology and, and how that's going to impact retail. When we look at AI, we had first of all, like, Doug was talking about, we have been investing in AI long before the GenAI boom became a reality. So we have got – we invested in AI and on the customer experience side, customer member experience and in terms of how we done our business. The tools that our associates use, the automation that you have seen, it's not just about the physical automation inside the FCs and the distribution centers, it's about how inventory actually flows, and how we orchestrate the movement of the inventory. So we have been investing in all of these things.

As GenAI becomes more and more powerful, what we have been focused on apart from making sure that every associate gets, sort of, the right tool, we have also been looking at how we can use that to shape the customer experience. You saw, sort of, an early version of that in Sparky. We believe that going forward customer experience is going to become more personalized and contextual so that through AI we can understand not just what your preferences are, but what exactly are you trying to do. Are you trying to just keep your pantry in stock, are you actually planning for an event, are you getting inspired by something that you saw on social media.

AI has got the ability now for you to – for us to be able to understand both what your preferences are, and what your context is. So we want to push that very, very hard. And kind of rethink about how we can serve customers and members better. On the internal side, one part of it is all the tools that we are now able to give to our associates. Wally is a great example of that. The work that we are doing to help our associates inside the store, that's another example of that.

And finally, the place where we are also investing very heavily in is how we orchestrated the movement of inventory, everything from identifying, sort of, the Trend-to-Product to being able to use AI to be able to better predict demand. And then finally how we figure out what are the right amount of inventory to carry, where do we carry it, and optimize the movement of that inventory. So all of these things start coming together.

John Furner
CEO, Walmart U.S.

Which is a great bridge to general merchandise. When I walked in the room, the vignette that Sam's Club has on my left, to your right, Walmart on the other side, the assortment is really important.

So, understanding intent, what people trying to do is really important because you start to get signals early, get micro signals about what may be changing or maybe things aren't changing. If people going to travel, then we'll be there to get them ready for the trip for the supplies they need. And when they get to their destination, then we can serve them as well. If they stay home, we have patio furniture. We have a grill assortment. We have opening price point. We have a better assortment, the top end of the assortment. We can be really flexible in any situation.

And if you go back 10 years, 20 years, and we've been through different scenarios where there were staycations or people travel more. We can figure out how to make those things work. But what we want to ultimately do is understand at the individual level back to understanding identity within the growth areas is really understand exactly what Suresh said, your intent within context.

So search information, behavioral information tells us something. And then, if we can be more predictive through the merchandising tools, to be able to deploy the right inventory in front of you, adjust buys if we need it. We're doing those things already. We've been doing those things already. We just see this as a step change where the technology can just help us accelerate our ability to understand and react to insights.

Suresh Kumar
CTO, Walmart Inc.

This is where Walmart has got a great advantage. Because we serve customers in more ways than anybody else. So that means that we have many more places where we can understand both the customer and their intent.

Ultimately, it's all about, how effectively we can take the data, and then, the models can work on the data. And that combination, Walmart has got a better advantage than just about anybody else. Just given the fact that it's not just only about online, it's about what – how we serve our customers inside the store, the services, put it all together, you have a much better view from a customer perspective of what they want as well as what is the context.

Chris Nicholas
CEO, Sam’s Club U.S.

I think, I might just say for Sam's Club, I mean, you see great items at great value, and I've said it before that it's the essence of our business model. And you think about, two things I've said, one is personalization where we can serve you because we know you better the thing you need next. That's a superpower. And it's enabled by AI in a way we've been never been able to do, we're able to capture richer, and richer, and richer data, and every single time you shop with us or someone like you shops with us, we get to serve something better to you that allows you to see the value you create.

And the second is, our merchants spends so much time. Probably, John mentioned the vignette, this patio set here, $2,700, it's $10,000 anywhere else, it's incredible value. And the merchants have a saying, which is, if you have designed more quality into it, that's really important. Because at these times when people are spending money they're going to become choiceful, they're going to buy something that has – that stands the test of time, and these are great examples of that.

Doug McMillon
CEO, Walmart Inc.

While we are looking over there, that sand wash hoodies...

Chris Nicholas
CEO, Sam's Club U.S.

So good.

Doug McMillon
CEO, Walmart Inc

Julie had me touch it yesterday and I bought about two on my app before I walked away from the corner, I highly recommend you go feel that...

Steph Wissink
SVP Investor Relations, Walmart Inc.

We're at the end of our time. I'm sorry.

Doug, can you close this out?

Doug McMillon
CEO, Walmart Inc.

Yeah. First of all, Steph, thank you to you, John David, the IR team for helping pull all this together. Obviously, there was a lot happening in the last week or so and all of you've done a nice job managing that.

Thank you, to our entire team for helping prepare this time together. We really do appreciate those of you that traveled to be here in person so that you can see what we're doing both yesterday and we look forward to taking you to a store and club now.

Again, the way we think about this is we have been positioning ourselves to succeed on the top line by the way we serve customers and members. And we're going to keep doing that. We're going to keep changing. So that we're relevant and in whatever way people want to shop. Using technology is actually very exciting and we are letting our imaginations were involved about what may come next. And as we do that the business model has been shaped in a way that we get pull through and we plan to execute that.

And the question we got earlier about how we think about shareholders in this equation is I look at the past and appreciate the freedom we were given to make some investments, and our operating income percentage went down as we did that. It's been coming back up lately.

We would like for that continue even in an environment where we may have some tariffs. So we'll navigate this, we'll manage it. We'll do our best to be transparent with you as is appropriate as we go through this process and we appreciate the confidence that you have in the company and the attention that you pay to us.

Steph Wissink
SVP Investor Relations, Walmart Inc.

We're going to end the webcast there. Thank you everyone for joining us.