

2023 INVESTMENT COMMUNITY MEETING
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» **Steph Wissink, SVP, Investor Relations, Walmart Inc.**

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» **Doug McMillon, President and CEO, Walmart Inc.**

Good morning and thanks again for being here. We're excited about our time together this morning.

As I mentioned yesterday, the three headlines to take away from our meeting are:

First: Growth. We'll continue to grow because we can serve customers and members however they want to shop. Omnichannel is the winning approach. We have a unique position and opportunity given our capabilities and proximity to customers.

Second: Margin. We will improve our operating margin through a combination of productivity improvement and our mix of businesses. And,

Third: Returns. We will improve our return on investment through that margin improvement and by being disciplined with capital.

I'll use the description of Walmart that I shared last night to talk about all three points.

Let me start with our people. Nothing happens that isn't accomplished by our associates.

Today's Walmart is comprised of about 2.1 million people. We're united by our purpose, values and culture.

We're running stores, clubs, and eCommerce businesses in 20 countries. We have sourcing associates living in an additional 13 countries, and we're leveraging skill sets and insight from all over the world. We have a broad and diverse team that brings a variety of expertise.

It all starts with our associates serving customers and members in our stores, clubs, supply chain, and technology areas.

As you know, we've made important investments in their wages, benefits, and incentives as well as their educational opportunities over the years. Big picture, our rewards system is designed to create a ladder of opportunity.

We want to build careers and not just jobs. Retail jobs have always had higher turnover than in most industries and that's still true. And if someone wants to join us temporarily, as many did during the pandemic, that's ok,

But our goal is to keep and develop people. In the US, about 75% of store, club, and supply chain management started their careers as hourly associates.

We invest in more than just wages. Healthcare coverage for a US associate starts at \$33 per pay period. We provide up to \$20,000 in support for adoption or surrogacy. A birth mom receives up to 22 weeks of paid leave.

As it relates to education opportunities, in addition to our own internal Academies, Live Better U enables our associates to choose from 75 programs in areas like business management and data analytics, from 25 education providers including Purdue University, Morehouse College and Oregon State University.

105,000 of our associates have taken advantage of that since 2018. We pay for 100% of the tuition, books, fees, and taxes. And associates have saved an estimated \$333 million in tuition costs.

We believe our combination of wages and benefits have us well-positioned to achieve our growth and profitability objectives.

We'll adjust as the market changes but our current position, including our investment in education, have us in the right range.

We have all kinds of jobs. We have over 25,000 technology associates. We have a large number of data scientists, product managers and designers shaping our customer and member experience.

46% of our global management team and 36% of our global officers are women. 29% of our US officers are people of color.

And we're leveraging talent from all over the world. Our country president in Canada grew up in Argentina. Our leader in Mexico is Brazilian.

And you may notice this morning that our team brings with them experience from all over the globe. We've got a strong, deep, and diverse leadership team.

Being people-led is about purpose, values, culture, opportunity, and belonging. It's our people that make the difference. Our culture, our humanity, differentiates us.

Since we covered technology last night, let's jump to being an omnichannel retailer. I'm going to spend a bit of time here.

This whole statement is in service to our customers and members. We don't exist if we don't serve them well.

Across our markets, they can come to a physical store such as a supercenter, neighborhood market, or a discount hyper like Bodega Aurrera or a Sam's Club.

They can take their phone and shop anywhere, anytime they want. They can pick up an order or they can have it delivered. In some markets, they can have it delivered all the way into their refrigerator.

We have now scaled these capabilities and are well-positioned for continued growth.

As it relates to our objective of sustained growth of 4%, in our retained markets, we've grown revenue at 6% these past five years and 8% over the last three as recent tailwinds kicked that number up. In the three years before the pandemic, we grew between 3.1 and 3.6% each year.

We know there'll be variance from quarter to quarter and year to year but regardless of headwinds and tailwinds, we believe we're now positioned, as a total company, to grow at about 4%, over time, going forward.

That growth will be enabled by our strength in physical retail and our expanding digital relationship fueled by pickup and delivery.

We will build on that digital relationship with our first- and third-party eCommerce assortment, in general merchandise in particular. We're leveraging our advantages, while strengthening our position where we have room to win market share in areas like eCommerce apparel and hardlines.

We'll do that by growing our assortment, improving our app design, and focusing on improving customer and member NPS.

We're now in a phase that is less about scaling store pickup and delivery, eCommerce assortment and eCommerce FC square footage, and more about execution and operating margin improvement.

Sorting out which part of an order comes from a store or club, which part comes from an FC, and how they work together to enable a delightful customer experience requires a supply chain that is connected from a data and software point of view.

John illustrated this yesterday afternoon and you saw a piece of it in the DC.

We're now able to fulfill customer needs with a flexible, connected omnichannel network, enabled by data.

Membership is the customers' preferred way to pay for delivery and it creates a lot of opportunity for us. It deepens engagement, helps enable personalization and enables us to offer more services to our members.

Bringing all of this together to unlock a new phase of growth requires putting the customer and member first and then working backwards to optimize the math the financials. We're doing this today, and we see the improvements in efficiency and margin.

We see the opportunity to accelerate that progress with investments in supply chain automation which includes data, software, and robotics. We'll improve item location accuracy, in-stock levels, unit economic costs, and delivery speed. The combination of sales growth, productivity improvements, and business mix changes will enable us to grow profitability faster than sales.

eCommerce starts with an owned inventory, first party, assortment. Our contribution profit in first party eCommerce merchandise, calculated as gross profit less variable costs, has been improving due to mix, with apparel and home being a larger percentage of the total.

The addition of third-party assortment through the marketplace increases selection for customers and strengthens our business model.

The combination of marketplace fees, advertising income, fulfillment services, and data monetization diversifies our income streams and helps us drive incremental profit growth.

Combine our physical footprint from stores, clubs and our supply chain with new services and better technology, and you get the leading omnichannel retailer, globally.

More than ever, we're taking advantage of benefits across segments, as a total company, in the areas of talent, knowledge transfer, enterprise services like sourcing and technology including back-office software solutions.

This is not just a US brick and mortar business. We've built a set of mutually-reinforcing businesses that drive growth and engagement from customers and members.

Our five-year plan calls for us to grow profitability faster than sales. We know where our price gaps need to be, and we'll manage them as we grow profit faster than sales through productivity and business mix.

As it relates to capital investments, it's exciting that we have so many places to invest in our business and earn a strong return.

Around the world, we'll invest in remodels and we'll open some new stores and clubs here in the US as we've continued to do internationally, in particular, across Mexico and Central America.

We'll build out a last mile fleet of vehicles here in the US, and we'll leverage our Spark Driver delivery platform.

The bigger and newer news, the supply chain automation investments, have attractive returns individually and in total. Think of these as automated storage and retrieval systems in four forms. There is one type and partner for our ambient centers like you saw yesterday, there's one for perishable food, there's one for eCommerce FCs, and there's one for market fulfillment centers, or MFC's.

Please come join us in Bentonville in June for Shareholders, and we'll show you an MFC and share our latest thinking on store remodels.

As it relates to the automated storage and retrieval systems, we've taken enough time to prove them out. It wasn't easy. Teams of engineers and operators put in years of work on the software, kept continuously improving the hardware, and assembled new and existing data sets to make it all happen.

And we're getting faster at converting. The first DC took about 12 months to complete. The most recent one, six months.

We'll keep improving in all those ways. And we will keep making those assets meet or beat our financial and operational expectations as we grow.

This isn't a leap of faith. It's a methodical building of our next-gen supply chain.

All this comes together to help us deliver our purpose. We're dedicated to helping people save money and live better.

Our strategy is simple. It's to bring this purpose to life for customers and members. We're convinced that value, consistent everyday low prices, earn trust.

Customers don't have to worry that they'll see a lower price on the item they purchased the next day or the next week. We aren't playing a game with them.

And at the same time, by reducing the volatility of high/low sales activity, we avoid promotional markdowns and extra labor and the other costs that come along with inventory surges.

We enable our merchants and suppliers to focus their energy on innovation that will result in better prices and better products for our customers and members. They can spend time on availability, new items, improved packaging, and more sustainable products, rather than on advertising, markdowns, and moving sale inventory around the store. It's a trust building, everyday low-cost approach.

The combination of stores and clubs, with pickup and delivery, enables us to save people more time. The shopping experience, especially as it relates to convenience, is how we've driven so much growth in recent years, and as we learn how to save people even more time, it'll propel our growth in the future. We're encouraged that our recent survey results show a strong score on price and an

improved score on convenience that's almost as high as our score for value.

When it comes to our opportunity to serve with healthcare, we'll build on our pharmacy, OTC, optical and hearing businesses, along with the Walmart Health Centers, where we are learning the right set of services.

With financial services, we've offered products to our customers for many years. We're excited about the opportunity, across markets, to digitize those and provide the right suite of services at their fingertips.

Our primary focus is, and will always be, on retail. We're merchants. But we've grown large and successful service businesses over the years and they are complementary.

In summary, we'll grow our topline, improve margin, and improve return on investment. That's reflected in our five-year plan. We think growing a company of this size in the 4% range over time and growing profit faster than sales is achievable and that's what we're setting out to do.

The strategy we've been working on for years has put us into a position to see more benefits for shareholders.

We're blessed to be part of a great company.

Thank you. Please welcome John David.

» John David Rainey, EVP, Chief Financial Officer, Walmart Inc.

Good morning, thank you for being here.

Doug has given you a sense of our ambition, to shape and lead the future of scaled omni-channel retail, and now I'm going to share with you how that translates to our financial objectives and investment priorities.

We have the building blocks in place to define the next chapter of retail, and expect to do so while driving strong growth and shareholder returns.

As you experienced yesterday in our distribution center, and will experience later today in our stores, we're investing in ways that strengthen our existing business – our people and our unparalleled network of stores, clubs, and fulfillment centers – but also investing in our future growth – our e-commerce platform and the high value initiatives that are made possible because of it.

Together these create an unrivaled global retail ecosystem that has significant competitive advantages and we believe will drive increased margins and cash flows.

Let's start by looking back. Over the last five years, our business has delivered 6% sales growth and 3% operating income growth. At our last investor day in February of 2021, we outlined a plan to achieve 4% sales growth on average, with greater than 4% growth in operating income.

Since that time, our compounded growth in sales and operating income has been 8.2% and 4.8%, respectively.

Higher inflation has been a partial driver of our top line, while at the same time, impacting the mix of our business, pressuring the bottom line.

What's not obvious in this delta between sales and op income growth over the last 5 years, is the intentional reinvestment in critical areas of our business. These were investments to strengthen our competitive position.

To help quantify this, roughly one-third of this gap can be explained by our investments in e-commerce and technologies that are now powering growth in our omnichannel ecosystem.

The remaining two-thirds of the delta reflects investments in wages to support our people, and prices to solidify our EDLP approach, linking directly to our position of being people-led and our purpose to help customers save money on everyday essentials.

Retail has changed a lot over the last 5-10 years, and the change over the next 5-10 years may be just as significant. Customers are demonstrating preference for multi-channel offerings, convenience, value, and selection.

Up to this point, for most, it has proven challenging to provide all of those things at attractive economics.

What is important to understand is this: it's these very investments – in people, price, eCommerce, and high-value technology capabilities – that are why we are at an inflection point today. The benefit of any technology platform is being able to scale it at a lower marginal cost.

The investments in our supply chain, coupled with the retail ecosystem that we've created, are what we believe will allow us to realize more attractive returns through operating and fixed cost leverage.

When we reflect on where we are today, we believe that approximately 4% sales growth, and growing operating income at a faster rate, are still the appropriate targets for our business over the next 3-5 years.

The investments we've made have positioned us well, and stand to generate steady & sustained growth at higher margins. In fact, we think the opportunity for operating income growth over the next 3-5 years could be better than what we've outlined.

Looking ahead, the building blocks of our financial model are:

- 1) drive organic sales growth from our omni-channel business model;
- 2) diversify our earnings streams through improved category & business mix; and
- 3) scale proven, high-return investments that drive operating leverage and improve incremental operating margins

Underlying our financial targets is a disciplined approach to capital allocation, which includes growing our dividend, opportunistic share repurchases, and investment in our supply chain and automation, which provide improving unit economics.

Let's start with sales growth.

Our omni-channel model is resonating, with customers seeking out Walmart online and in-stores, curbside, and via delivery, and we are growing mind share for our convenience, which nearly matches our mind share for price, and appeals to all customers regardless of income level.

Our primary growth goal in all our markets and channels is to drive first place wallet share across categories.

Our multi-year growth outlook assumes all 3 business segments contribute to enterprise growth.

- Walmart U.S. is building an ecosystem of value around its core, which is just getting stronger.
- Sam's has great momentum and we expect sustained MSD% growth from new clubs and membership growth.
- Our International segment is positioned to grow at a faster rate than the enterprise with HSD% compounded growth, with all major markets contributing, most notably Mexico

and India.

Next is category mix. We've made significant progress in our food & consumables business, consistently growing our share and deepening customer trust. We want to do the same thing with general merchandise, by investing in our in-store and online experience.

While inflation is still an issue, and category mix pressures are expected to persist this year, we are focused on improving shopability, curation & clarity across choice-intensive areas such as apparel and home, and more tightly connecting our stores and online experiences. We think we are set up to win more share of general merchandise demand as category mix normalizes.

Our global merchandise strategy reflects a combination of 1P and 3P items, and we view marketplace as a key driver across our markets.

To grow our marketplace business, we are focused on:

- 1.) High quality items and sellers
- 2.) Monetizing fulfillment services, and
- 3.) Activating sellers to use our advertising platforms

Our marketplace experience for both sellers and shoppers is earning us the position of being a desirable destination for many more brands. You'll hear more about this from both Judith and John.

The next driver of our financial objectives is business mix. Many of the efforts to change our business mix were underway pre-pandemic, but the effects of COVID costs, supply chain disruptions, and inflation have clouded the ability to see our progress. These underlying drivers of business mix are now graduating from cost to benefit - with accelerated paybacks - supporting our view of faster profit growth going forward.

I'll unpack these business mix drivers a bit further, starting with our store network. We're investing in our stores and clubs.

For WMT US, I hope many of you have had a chance to visit a remodeled Walmart Supercenter to see the enhancements we've made to the shopping experience. Our customers are telling us they want more value and more inspiration, more often across channels.

We want to evolve our position among consumer mindshare from utility to engagement and loyalty.

Sam's Club has grown by 43% over the last three years. Our clubs have been refreshed and modernized. You'll see this today as you walk through a nearby club.

Sam's is an item business, and our merchants continue to strengthen the offering across categories. Based on momentum, we're seeing significantly stronger club volumes and rising awareness & preference, especially among millennials and Gen Z members. This gives us the confidence to open 30 new clubs in the years ahead.

Our investments in our international portfolio will continue to be concentrated in areas of outsized growth. Walmex continues to deliver steady gains based on a portfolio of distinct formats and expanded services. India represents a significant growth opportunity with strong demographics.

We have a uniquely local approach to each.

China is more digital today than any other market where we operate, giving us direct insight into how sizable markets like the U.S. could look in future years.

Each market plays a critical role in the reshaped portfolio, and we're excited by the growth prospects for our international segment.

But today, there is a blurring of the digital and physical worlds. This plays to our advantage.

We fully believe the future of retail is omni, and we like our position with more than 10,500 stores and unmatched proximity to customers in our major omni-channel markets.

When we talk about "last mile" at Walmart U.S....we really mean it. 90% of the U.S. population lives within a 10 mile drive of one of our 4,700 stores. Said differently, delivery drivers need to only drive 10 miles or less to reach 90% of the U.S. population.

Today in our Walmart store, you'll see how we're activating pickup and delivery at scale, emphasizing customer experience and deepening loyalty.

As evidence of this, our pickup and delivery business has grown at over a 40% compounded growth rate over the last 3 years. Last year, we executed more than 200M curbside pickups and fulfilled more than 600M online orders.

Across our US network, online pickup and delivery customers shop more frequently across all channels, including in-store. They spend \$1,000 more per year with Walmart than a

traditional customer, and online pickup and delivery is proving to be a key source of signups for W+, with nearly 50% of members coming from this channel.

We have pursued an aggressive digital growth strategy over the last 5 years. Ecomm now accounts for \$82B, or 14% of net sales vs. \$25B or 5% just 5 years ago. The run rate in recent monthly volume is even higher, growing year over year in the high-teens, putting us on a trajectory to reach \$100B in the near-term.

Importantly, we are already seeing directional change in our digital margins as we leverage our stores to fulfill, activate our local delivery networks, and scale up our high-margin value streams such as advertising, data, membership, and marketplace.

What is important to understand about this business, is that we don't have to squint our eyes and cross our fingers to imagine profitability in this channel.

In Walmart US, today we have a positive contribution profit in our ecomm business and we expect nearly 200bp of additional improvement in the coming year as a result of the investments we've made.

Sam's has a profitable ecomm business today. Flipkart has a positive contribution margin which continues to expand, supported by healthy category mix and their fast growing Ads business. In China, where we have roughly a 50% ecomm penetration, predominantly fulfilled from stores and clubs, we already have a profitable ecommerce business. By incorporating omni- strategies and our connected ecosystem of value drivers, we see the potential to achieve enterprise level e-commerce profitability in the next few years.

I talked earlier about the investments we've made over the last few years. These investments funded and are now scaling a portfolio of highly attractive growth initiatives that reinforce our core retail model and will directly reshape our e-commerce and enterprise profit trajectory.

This set of initiatives drives stronger returns, and includes sophisticated advertising gateways, insight-rich data portals for our suppliers and sellers, and next-gen loyalty and membership pillars for customers in many markets.

We've made choices to orient our focus toward growth initiatives with higher structural margins and higher sustained returns that also fortify our core. This group of value-accretive high-margin initiatives is advancing from start up to scale, seeing meaningful increases in contribution margins.

Collectively, these initiatives generate margins that are appreciably higher than our existing business and we expect will begin to positively influence operating profit growth relative to sales growth this year and accelerate in future years.

To this point, we've talked about how investments are reshaping our profit outlook. You might be asking – what about reinvestment in people and price?

We are a people-led business and we believe fully in a future where people are at the center of how we differentiate our value proposition. We are winning customer mindshare for price and convenience and we aspire to win for service & experience as well.

Retaining talent and establishing career opportunities for our associates remains a central objective to our growth ambitions. We believe the number of associates will continue to grow, but at a slower pace than in the past, as we complement people growth with technology & automation.

We are confident we can make the investments needed to remain competitive in a tight labor market while also growing our profitability. As people are paired with technologies that improve their efficiency and productivity, we realize improved unit economics and more satisfied associates.

On price. We've invested in price to reinforce our EDLP position. We will continue to advocate for customers and reduce prices when possible. We're comfortable with our current price gaps to the market. It's something we monitor very closely and we're confident in our ability to win share by maintaining the price gaps we've established.

Customers across income cohorts, and especially Gen Z and Millennials, are increasingly choosing to purchase quality, affordable items from brands that we own including Members Mark at Sam's Club, and Great Value at Walmart. Private brands now account for more than 20% of our sales at Walmart and over 30% at Sam's Club. At Walmex, private brand penetration reached 15% last year; where in departments such as Home, private brands are growing 4.5x faster than branded products.

Now let's change our focus for a moment. Let's talk about capital.

We previously stated that we expect our capex to be 2.5-3.0% of sales, and this year's capex to be flat to slightly higher than last year, which would be at the upper end of that range. That is still the right way to think about our business over the next few years.

But this is what I want you to understand: we view capital allocation as every dollar having to compete for the best return. And view our capital expenditures through a lens of ROI.

The investments we've made over the last few years in things like store-level technologies and supply-chain automation are yielding returns in excess of what we originally contemplated. Further scaling these types of investments is what will allow us to realize a profit inflection.

In the next 5 years, nearly 90% of our capex will be in these high-return areas like eComm, supply chain, and store investments. Our capital structure and cash flow generation are an advantage, and we are allocating capital responsibly with a bias toward organic growth and improving margins. We are going to be very return-focused. We want our ROI to go up every year, and believe that in our planning horizon it can meaningfully improve. Underpinning these growth drivers is a focus on improving unit economics.

As you observed yesterday, we're building a scaled system of supply chain capabilities that requires a combination of data, software, and robotics. The investments in automation are already far exceeding our productivity targets, in some cases almost 30% better, as we are able to flow inventory at lower costs and with less manual labor.

By the end of FY26, we expect approximately 65% of stores will be serviced by automation. We estimate approximately 55% of our fulfillment center volume will move through automated facilities, and unit cost averages could improve by approximately 20%.

Importantly, as you will see during your store visit today, this automation has been designed with a human centered view, improving how merchandise arrives at stores.

Our targeted ~4% compounded growth implies that over the next 5 years, we will add more than \$130 billion of sales on top of our roughly \$600 billion base today.

Automation enables us to improve our throughput at lower cost, and to change how our associates work, in new and better ways. Most notably, it allows us to reallocate labor hours closer to customers to improve both the customer and associate experience. Let me take a moment to translate these objectives into simple financial outcomes.

Core sales growth, measurable business mix shift, and a lower SG&A ratio will be the key sources of profit advancement over the next several years.

We expect to achieve sales growth over the med-term in the 4% range. In some years it may be more, in some years it may be less. But on average, we expect it to be around 4%.

We're improving our category mix and we expect gross margins to meet or exceed prior peak, as economic recovery in future years supports a more normalized category mix and automation drives efficiencies and improves unit economics.

We expect the benefits from business mix to be most notable in the pace of gross profit improvement and the level of operating leverage. Many of the fixed costs needed to execute our higher-margin value streams are in place and our marginal cost to grow is lower.

I've given you a lot to think about today. To summarize, we like our position because we see revenue growth across a diversified set of drivers, improved category mix, and an increasingly accretive business mix coupled with improved unit economics. This is all fueled by supply chain investments with attractive payback cycles.

We expect operating income to grow faster than sales, but as you've heard, we have drivers to push growth to levels twice that.

Our management team is motivated and incentivized to execute, and we're focusing on fewer, more concentrated initiatives that reinforce our competitive advantages and can change the profit trajectory of our company.

Now, we'll bring up our segment leaders to connect our vision and financial objectives to their strategies & priorities. Kath McLay, CEO of Sam's Club will start, followed by Judith McKenna CEO of Walmart International, and John Furner, CEO of Walmart US will close the session. Then we'll all be back up to take your questions.

» Kath McLay, President and CEO, Sam's Club

Good morning.

I'm excited to talk about Sam's Club ... and share the latest chapter of a story that started 40 years ago this Friday. That's right. On April 7, 1983, Sam Walton opened our first club in Midwest City, Oklahoma. We have come a long way since then. And the latest chapter in the history of Sam's is truly a growth story.

In FY23 Sam's Club U.S. had record sales of \$84 billion across 600 clubs in the U.S. and Puerto Rico and online.

Over just the past three years, net sales for Sam's Club U.S. have increased 43 percent,

and we have been on a streak of 12 consecutive quarters of double-digit comp sales growth. We continue to set record highs for membership with strong renewals, including our tenured renewal rate in the low 90s, which is in line with the industry standard.

Our membership has grown nearly 30% over the past three years, and we're attracting unprecedented numbers of Millennials and members of Gen Z. We've added so many members that it's like we've added clubs without *building* new clubs and we've grown channel share without expanding our physical footprint.

As we turn 40, Sam's Club is growing, and we're doing it with the attention to detail of an experienced retailer. We are clear on our value proposition, and we are disciplined in the way we execute it. Over the last few years, we've invested in wages, price, and fleet standards.

Every week key leaders join in our trade meeting and analyze important basics like:

- Club standards. Right down to the gloss on the floor of each club.
- Price leadership, including a daily basket of 150 items directly comparable to our competition.
- Membership feedback on products they love and ones they don't.
- Convenience, such as our NPS and metric performance on delivery speed and completeness of orders.

When you get the details right, the growth follows.

Looking back at FY23, we entered the year with momentum, and we didn't slow down.

Sam's Club delivered strong results with comparable sales up nearly 11 percent. We saw strength in both transactions and ticket. eCommerce performed well, up 22 percent, and is growing in a way that is profit positive as members continue to take advantage of our conveniences like curbside, ship-to-home, Scan & Go and now Scan & Go Café.

Membership income rose 8.6 percent, and we like the strength of our higher-tier Plus membership.

Despite reporting a modest year-over-year decline in operating margin due to markdowns, supply chain, and LIFO, we rebalanced inventory to enter the current fiscal year in a strong and healthy position.

As I noted earlier, Sam's Club has been on a roll. Our 3-year "compound annual growth rate" is 12.8 percent. Again, that's without building clubs, until now.

Because of the strong top-line and membership results over the past several years, we want to offer the full Sam's Club experience to more people in new markets so we're expanding our physical footprint.

In January, we announced plans to build 30 new clubs, with the first to open next year here in Florida. We also plan to invest in and modernize our supply chain. We'll add new distribution and fulfillment centers across the country, including five this year. One of our first locations will be in Atlanta.

I'm excited about our strategic growth investments and have confidence in the returns we'll see from our investments in clubs, DCs, and FCs.

Now it's worth asking, "How did we get here?" Let me walk you through our strategy.

Sam's Club is an item-driven business. We offer a limited number of great items at disruptive prices that delight our members. It's a simple, effective formula, and it powers our growth strategy: beat the competition on quality, meet them on assortment, lead on price, and differentiate on convenience.

So last year, to better explain our strategy and how it all comes together, we introduced our Sam's Club flywheel.

See that slice at the very top? Build a member-obsessed culture. That's a key to future growth. Our flywheel starts with the member and flows from there. If we build a member-obsessed culture, we can't help but design and curate items that members love. And if members love our items, we can't help but buy deep and provide low prices. And if we have great items at disruptive prices, and we open multiple channels for our members to shop, then we can't help but drive our membership and revenue so we can then invest more in our associates, who in turn take even better care of our members, reinforcing that member-obsessed culture.

Our Flywheel is a reflection of our priorities as a business and the evolution of our strategy as we compete and grow. I'm especially proud of the way that we've lifted the bar on quality.

Our merchants have done a great job there, and we believe it's our time to lead. We're seeing great progress on quality when it comes to our private brand, Member's Mark. It's now a multibillion-dollar brand representing more than 30 percent of sales, excluding fuel. If it were a stand-alone company, it would rank in the top half of the Fortune 500 list.

Last year, we relaunched Member's Mark as a more sustainable, purpose-driven brand. We say that it's "made with the member and the planet in mind." In other words, we want to sell the highest-quality items that also are sustainably made. It's part of our overall effort to be a regenerative company. Take a look.

Member's Mark may be unique among private brands in that many of our items are designed with members, as well as for them. We even formed a group of 40,000 members that we call "My Member's Mark Community," and they influence designs and flavors of items that make their way to our clubs.

I'll give you an example. Our private-brand chocolate-covered almonds originally rated below 4 stars with members. That's not good enough. So, our product developers took our members' feedback and started over from scratch. They developed a new formula, then shipped it and a national brand to the almond lovers in our Member's Mark Community. They tried both, and the new formula outperformed the national brands. The star rating for this item is now 4.7 and sales reflect the change.

Another Member's Mark category where we've made great progress is apparel. Apparel sales of our private brand have increased more than 30 percent year over year, and we've seen substantial growth in Net Promoter Scores for overall apparel sales from our members. So, they're telling us that they like what we're offering and what they're buying.

Member's Mark is our No. 1 seller in apparel as members are responding to our improved quality and trend relevance. We are also continuing to invest in brand partners that our members love. Just in the past year, we've added national brands like Lands' End, Christian Siriano, and Vince Camuto. And members are responding.

Total apparel sales increased by nearly 12 percent year-over-year even as we reduced SKUs to make it easier to shop and stock. We had more apparel sales than ever with fewer brands because we had the right brands.

I don't think it's a coincidence that as we've added new brands to apparel, relaunched and improved the overall quality of our private brand, and focused on conveniences like Scan & Go, Curbside and Delivery that we've attracted a younger demographic.

I mentioned those digitally savvy Gen Z and Millennials earlier. Over the past two years, Millennials and Gen Z have grown the fastest within our member base, increasing at some 65 percent and 120 percent, respectively. Not only are these cohorts growing, but combined, they have the highest growth rate in sales, are more likely to have joined us organically, and have the highest digital engagement with us, including their use of Scan &

Go technology.

By the way, overall, more than 1 in 4 of our members now shop in club with our digital app, using Scan & Go. The NPS of Scan & Go is 90, and those members are more likely to renew.

Let me show you how all this fits back into our Flywheel and feeds our momentum for more growth.

By designing and curating items members love in this case, apparel and providing easy access, digital conveniences like Scan & Go, we attract members like our Gen Z and Millennial cohorts. These cohorts provide good examples of the digital relationships we're developing with our members.

These relationships generate data. Data that Sam's Club uses to enhance the value of our membership. Because of data, we know our members better than ever. That allows us to lean into personalization and rich performance tracking.

And this leads to lucrative relationships with our third parties. An example of that is our recently launched digital advertising platform, which we call MAP for Member Access Platform. It's growing fast, with high operating margin, and we're excited about MAP's ability to enhance our member experience while contributing to profitability.

Because of our rich first-party data, we can track the return on digital ads via member shopping behavior for both online as well as in clubs. I think this is a first for the industry.

As our flywheel has spun faster, we've invested back into the business to fuel further growth.

We've enhanced the look and feel of our entire fleet of clubs, making them brighter, easier for members to navigate, and more colorful. Both our members and associates love it.

We've invested in technology to help us better serve our members and enable our associates. Our inventory scrubbers take 22 million pictures a day, automating some 35 percent of inventory management tasks.

As we have rolled out new technology, we've made jobs more efficient. That's enabled us to create new jobs while keeping our headcount nearly flat. As a result, we've been able to invest in wages. Our average wage rate, including incentives, is \$19.00 an hour. To underscore that, over the past three years we've increased our topline by 43 percent, we've kept our headcount nearly flat, and that's allowed us to invest back in our associates.

I'm also proud of the other ways that we've invested in our associates. That we've developed work schedules that fit their lives. That we've created career ladders that open more doors for them, and that we're fostering a safe and welcoming work environment.

Like the rest of Walmart, we are a people-led, tech-powered business that saves people time and money. But I also think Sam's Club is different in important ways, especially when it comes to the warehouse membership business. We have developed unique relationships with our members and suppliers that should result in continued growth and market share.

So, I want to close with 5 ways I think Sam's Club stands out to generate growth, operating margin, and returns:

1. Members love our value proposition of quality items, disruptive prices and conveniences that simplify their lives and we want to make that value proposition available to even more people. So, we're growing our physical footprint as we continue to grow eCommerce.
2. We work with and for members to design the quality items they want. By soliciting their feedback during product development and design, we're highly confident of success when we go to market.
3. We're attracting younger members who have a more digital relationship with us across all channels.
4. Our eCommerce business is growing in a way that is profit positive... We're using our physical footprint to optimize our digital approach.
5. We're using our data to work differently with our suppliers and see opportunity for growth with our Member Access Platform. We have insights on how our members shop, and our suppliers love it.

Our confidence about the future of Sam's Club is greater than ever as we continue to attract the next generation of digitally savvy members who trust us to be a partner in their lives.

We are building a strong relationship with our members that they can't find anywhere else and see a path to being number one in the growing Club channel.

Thank you.

» Judith Mckenna, President and CEO, Walmart International

Good morning, everybody.

As you've been hearing, our company is well-positioned for growth, margin improvement

and to strengthen our return on investment. Our markets outside the U.S. will contribute to all three of these. In that context I'd like to tell you about the role Walmart International plays for the company overall and the opportunities that being a global business creates.

Today we are already the world's largest international omnichannel retailer, and we provide a source of long-term sustainable growth for Walmart.

We have a path to grow to approximately \$200 billion in GMV over the next five years, and at the same time we will more than double our profits. We also expect digital penetration to more than double in that timeframe.

This is the first time we have talked about our ambition, but it's important because without understanding that there is a temptation to see complexity rather than the significant opportunity which Walmart International brings.

We have spent the last few years radically rearchitecting our portfolio – we've made some bold changes which give us the confidence in our future, and the results can already be seen with our 9% sales growth and 9% profit growth last year which followed strong numbers the year before.

In 2018, our sales were \$120 billion, which back then was our GMV as well. We divested businesses in Brazil, Argentina, Japan and our largest business at the time – Asda in the U.K. In round numbers, these represented a reduction of \$40 billion of sales. In parallel we invested in India with our majority stake in the Flipkart Group. Today we've already made up a significant proportion of those divested sales.

So what was the rationale for these moves?

Our strategy is simple – “strong local businesses, powered by Walmart”. We used that as our north star to assess where we could operate most effectively.

It was clear that all of our businesses needed to become digital and omnichannel and that would require investment. We knew that if we made choices, we could make the investments that we needed in those businesses that showed the highest growth and return potential in the long term. We made deliberate choices to focus our footprint – and to focus our resources and our talent where it matters most.

We now operate seven businesses across 19 countries. Canada, Chile, China, Walmex, Massmart, and Flipkart and PhonePe in India. Excluding the U.S., these provide access to 40% of world's population as well as more than half of global GDP growth outside the U.S.

over the next 10 years. We have meaningful scale, concentrated in the right places.

Our 500,000 associates serve 80 million customers each week. We operate 5,200 stores with 96% of them in three primary formats: Walmart, Sam's Clubs, our Bodega format in Latin America.

Built on this foundation, we also have eCommerce platforms in every market. Today we already have 21% of sales digitally, and we will more than double that number over the next five years. In fact our China business is almost 50:50 already. This omnichannel breadth gives us unparalleled access to customers across generations and income levels.

We have big ambitions, but as my old boss Greg Foran said once or twice, you get 1 point for talking about it and 9 points for doing it. So what are we doing?

We are bringing our purpose of saving people money so they can live better, to life and we do that through our strategy of "Strong local businesses, powered by Walmart. What does that mean?

Well, each of our businesses is relevant to and tailored for the customers and communities we serve, and each is anchored in value, access, and trust. That core is amplified by their ability to leverage the unique benefits of being part of Walmart.

Simply put that means we are common where can be and only different where we need to be.

One of the most important ways we are common and maximize leverage is that we have shared strategic priorities across International and in fact across Walmart. Being market-leading in omnichannel. Building scaled, global marketplaces. Growing complementary and reinforcing new businesses and income streams. And when these priorities are combined into an ecosystem, they become even more effective. Let me bring that to life for you in Mexico and India.

Our Walmex business is listed on the Mexican stock exchange and operates more than 3,700 stores across Mexico and Central America. By the end of this year, our sales will have doubled since 2014 and since then, the business has delivered a TSR of 162%. As of yesterday, it had a market cap of \$70 billion.

Walmex is a remarkable business that is dedicated to finding solutions for their customers and at the same time accelerating growth and returns. In Mexico specifically we are providing access to goods and services for the country's nearly 130 million people, half of

whom are under 30, and we are building an ecosystem that connects customers to the benefits of the digital economy across stores and online.

As in the US, the proximity of our stores to the population is high, and today we are already the leading omnichannel retailer in the country – in fact in the region. We're building on our omnichannel offer from stores, with our 1st party extended assortment and a growing marketplace seller community including, very recently, cross-border sellers. This may sound familiar – we are using the same playbook as the U.S. and scaling fast.

In addition, we have a digital wallet Cash, and recently received approval to purchase a fintech company which will help us on our journey to becoming open loop. What's great about Cash is that you can use it even without a bank account.

We have a mobile and telecoms service called BAIT that has nearly 8 million total users and offers cheaper mobile data for customers across Mexico. And we recently launched a health membership program to provide first contact healthcare for less than \$2 a month. And the Walmart Connect business is growing into being one of the biggest media companies in Mexico.

Much of the work that Mexico is doing is built on common global capabilities – technology such as the Glass eCommerce platform, Walmart Fulfillment Services and the Marketplace Global Seller Platform, processes such as maximizing store pick efficiency and optimizing store layouts, and of course product, including Members Mark items from Sam's Club US.

Gui Loureiro, our CEO in Mexico, previously the CEO of our Brazil business, and his team recently hosted their investor day. They summed up Walmex well.

Our ecosystem will generate mutually reinforcing benefits for our customers. We are not just creating new businesses; we are creating an ecosystem where the whole is bigger and more valuable than the sum of the parts. I find that compelling.

Let me turn now to India. In India, we have digital businesses, but just as in Mexico we serve people throughout the country, where and how they want through the nationwide networks that Flipkart and PhonePe have built.

Both have platforms anchored in scaled, world-class technology solutions built for India. And we are increasingly seeing opportunities to leverage this technology, whether it is the Flipkart Adtech platform in Chile, the PhonePe fraud detection platform which we will adopt for Cash in Mexico, or Flipkart supporting Massmart in Africa to build its marketplace platform. The leadership positions that technology has given both businesses means that

we are even more positive today than when we first invested.

The scale of the addressable market in India is significant. There are 1.4 billion people with a median age of 28, and it's forecast to be the world's third largest economy by 2030. It's estimated that over 600 million people are already online, but only around one-third of those have made an eCommerce purchase.

Today Flipkart is the eCommerce market leader. It is a truly customer centric business with deep engineering capability and a DNA of problem solving for the Indian customer. It's a powerful example of marketplaces and new businesses combining to give our customers value, access and trust.

Flipkart's core commerce platform continues to scale, winning first time eCommerce customers, from tier 2 and tier 3 cities, and its app is opened 2.4 billion times each month. We recently added online healthcare and travel to provide digital access in a trusted environment.

At the heart of Flipkart is Ekart which was developed to solve the unique logistical challenges for ecommerce in India. It is a pan India network which includes 35,000 kirana partners. Think small mom and pop shops who help provide last mile delivery capabilities closest to the customer. It provides low cost fulfillment services for sellers and recently began to use its network to provide logistics to third parties.

As Flipkart continues to scale, the business model is strengthened, including fast growing Adtech revenues. The business now has a positive contribution margin that continues to expand, and we are pleased with the progress to become operating income positive.

PhonePe continues this theme of access, value and trust, building its massive core payments platform, the "rails" which now link 450 million users to 36 million merchants and generate over 145 million transactions per day. In the year after we invested, TPV - total payment value - was \$70 billion. This February on an annualized basis it hit a remarkable \$1 trillion.

Payments are driving revenue growth, and we are building on this with an increasing range and depth of financial services for both customers and merchants. For auto insurance, we are now the second largest digital provider in India, and we have recently launched a fast-growing payment gateway for merchants. It's a powerful business model, and we announced in January a funding round for PhonePe, with blue chip investors, which valued the business at \$12 billion.

We are confident in and proud of both businesses. Given the growing financial strength of their respective cores, we have clear paths to profitability for both, and at the right time, to IPOs.

I've only talked about two of our markets, but it's important to note that by 2027, a third of our profit will come from outside these two.

We like the markets we're in today, and each of our businesses has a unique and important position in our portfolio.

Which brings me to leverage, one of the areas I'm asked most frequently about. Our strength is that we are not a one format or one platform retailer – we are deliberately operating local businesses specifically tailored to our customer, flexible in approach, and are strengthened by the global leverage we have been able to create in recent years.

We think of leverage across 4 dimensions: technology, knowledge transfer, talent and services. I've referenced examples of the first 3 as I've talked, but let me briefly share one more regarding services, and that's our global Sourcing capabilities.

As Doug and John David shared, our company will grow, improve operating margin and increase returns. Not only is the International segment helping drive all of these, but our Sourcing capability does too. It's a sweet spot and it hits all three.

We recently began restructuring to create a single Walmart Sourcing organization to better serve all our businesses around the world with Walmart US as its largest customer.

To give you a sense of the scale of this business, think of an equivalent to a top 5 global CPG company, truly leveraging the volumes and specifications of product across a wide range of categories in an efficient and regenerative way – think bananas to bikes to BBQs. Today they source collaboratively for over 300,000 unique items, providing value, access and trust for customers everywhere and at the same time strengthening communities through sustainable job creation.

I will leave you with this. The restructured portfolio is working – we are focused where it matters to drive growth, margin and returns. Our ambition is simple: to reach GMV of \$200 billion and more than double our profit over five years.

We have developed a blueprint for how to successfully run an International retailer. Our businesses are relevant to the customers and communities they serve, but they have common foundations – they have what makes Walmart Walmart – and they have the huge

benefit of global leverage. This approach and our results to date give us the confidence that we will achieve our compelling financial ambitions.

But none of it would be possible without the brilliant teams around the world who make all this happen. A huge thank you to each of them for making a difference.

John Furner, President and CEO, Walmart U.S.

I'm excited to talk about our U.S. business. A lot has happened since we last did a meeting like this.

Let me say how proud I am of the team. We had 7,000 of our leaders together for our Year Beginning Meeting. It was special to show them the number \$79B. That's our growth over the last three years.

We were over in Orlando, so to put it in perspective I said we'd basically added an entire "Disney" over three years. And that was with basically the same count of stores.

We've been open with you about tailwinds like stimulus and inflation but our team has delivered. They deserve tremendous credit. I was so impressed with our reaction to the inventory challenges last year, for example. The team identified the issues early, reacted quickly, and stayed positive as they worked through over 100,000 shipping containers during the year and got us in a good place.

And it's not a coincidence our growth these last three years coincides with significant changes to become a true omni-channel organization beginning in 2020 when we combined our Stores and eCommerce businesses.

There have been dozens of omni changes since, like one App and Walmart+. You can see more there. There's now one team leading Operations from production to the customer. Our Chief Operating Officer, Chris Nicholas, and the "End-to-End" organization oversee: Supply Chain, DCs, FCs, Stores, Last mile, even into the house.

We've always said the customer comes first now we're truly working that way. I want to talk about our priorities how we plan to grow more.

The most fundamental way is winning in retail. At our core, we're merchants. That hasn't changed in 60 years. We ultimately win with merchandise and value, even as we work to build more flexible options for customers.

Even something like Walmart Connect is about helping our merchants, sellers, and suppliers

deliver better customer experiences, while improving mix.

On the fundamentals of merchandising, I'm pleased with our progress. Our assortment quality is improving across the store and online. Our price gaps are strong, and in recent store visits I've seen much better in-stock levels. Our store managers are in better position to merchandise their facility with autonomy.

You know about our momentum in food and consumables. We continue to work to soften the effects of inflation, leaning into our Everyday Low Prices and Rollbacks.

We invested to offer customers the Thanksgiving and Christmas meals for the same price as the year before. Now we've done something similar for Easter.

We're also pleased with our progress on self-manufacturing, like what we've stood up for Milk and Beef. It's played an important role in providing quality and predictable supply.

We have 22 owned brands that now do over \$1B in sales annually, and eight of them are in Food & Consumables. Vibrant Life, a pet brand, is the latest to hit \$1B. We've rolled out some great new brands in Beauty like "The Hair Lab" and "ReLOVE by Revolution." Pets and Beauty are similar to the Apparel category in that customers are always looking for more options. Our teams continue to make progress.

As you know, a good amount of our recent customer growth has been with high income customers who came to us for Food and Consumables amid the pandemic and inflation. That's something that's happened during past dips in the economy: people came to us for value.

Historically we weren't able to hang on to them. But this time can be different because we're able to offer flexibility and omni solutions. Having flexible options paired with product and price value improvements give me confidence in our ability to retain new customers.

We're making progress on all our omni options: improvements in store, growing curbside capacity, improving our NPS and wait times, and improving our delivery business.

And our most powerful tool for retention is Walmart+. We see higher engagement and higher frequency from customers who join Plus. The average member spends double what a non-member spends. I'd also add that many of these newer customers, like existing customers, love our focus on regeneration.

Our "Built for Better" microsite for example, organizes our products that are Energy Star

Certified, Rainforest Alliance Certified, or certified by the Better Cotton Initiative.

Then we think about growing General Merchandise. That's important both for mix and for helping retain those new customers.

They came to us for EDLP Grocery but when they see our latest apparel brands in store or online or patio furniture or tools they rethink Walmart, and stay with us long term.

We're investing in quality with Private Brands such as Hart and Free Assembly and Scoop. Our apparel strategy is about balance: elevated brands and national brands and opening price points. It allows us to reach a wide variety of customers.

GM is also a place we're fighting inflation. Our Onn brand TVs are priced 29% lower than last year, and they're the #2 unit selling brand in the U.S. And we have over 100 items in our Easter assortment under \$1. So customers can build an Easter basket at a great price.

And I'm really excited about our remodel program. A huge part of it is showcasing GM. If you've been in our flagship New York-area stores you saw the brand shops upfront, digital displays, mannequins, wider aisles, and updated fixtures. Customer feedback has been great, and we're really encouraged by the early results.

In eCommerce we just launched a new homepage, as you can see there. It brings the best of the entire assortment to the landing page. It's more vibrant, more colorful, and showcases product and seasons well. We like the early results there as well.

I love the progress our Marketplace team is making. They've driven our eCommerce selection above 400M items, with more than 200M in apparel and nearly 60M in Home.

We've increased total sellers nearly 50% year-over-year. 175% more sellers are using our Walmart Fulfillment Services, and 100% more are using Walmart Connect. That's a win for them, for us, for our customers.

We're increasingly a destination for products made/grown/assembled in the U.S.A. Those products represent about two-thirds of our product spend. And two years ago we set a goal to spend an additional \$350B over ten years. We're happy with where we are with that goal. Not only do customers care, it's good business, as the last three years show.

You can see our new Ozark Trail Mountain Bike there. That's a fantastic item, with a 39% price gap to its branded equivalent.

So those are several big ways we're growing GM.

And I'll add a bit more about inventory because it's also core to winning in retail. We feel good about our inventory position, as you heard in our latest quarterly results.

Overall the supply chain is clear and current, including imports. Looking at what's left, it's pockets of apparel, and we still have stores heavy in clearance as we continue to work through it. But importantly that's accounted for in our plan. We're in much better shape now than at this time a year ago. The impact of the progress is, we're leaning into topline, stores have more autonomy, and we're more efficient.

Let me talk about our People.

It's exciting to look at what our growth and strategy means for the individuals in our stores, DCs, and FCs.

Looking across Walmart U.S. and Sam's Club, Kath, over the last five years we've: increased the percentage of full-time hourly associates to 68%, increased the average hourly wage over 30% to \$17.50 today, promoted an average of 195,000 associates per year, and achieved an enrollment of over 100,000 associates in our Live Better U program.

And I'm excited about how our associate tools have taken off, with the Me@Walmart App and the one million handheld devices we distributed.

So much work has been migrated from paper and terminals in the back of the store, out to the salesfloor: setting modulars at the side-counter, and inventory. Later today you'll see Vizpick, which maps and tracks inventory.

Associates have received answers to 2.3 billion questions using the "Ask Sam" chat feature, and more than 80% are clocking in via the App.

And the third priority is the next-generation Supply Chain network we're building. As we talked about yesterday, we're now able to fulfill customer needs with a flexible, omnichannel connected network, enabled by data and automation. That's a major step change for us.

For years we've been serving customers with three separate supply chains, operating in parallel. Now we have one, and it's allowed us to consolidate earlier, and deconsolidate later, many times at the customer's home.

A key part of the strategy is automation, like you saw yesterday. If you ask “Why automate?” The answer is it helps our customers and our associates and our business. Automation helps our customers with better accuracy, availability, and speed.

Automation helps our associates. It results in less manual labor. Over time, we believe we'll have the same or more associates and a larger business overall. There will be new roles emerging that are less manual, better designed to serve customers, and pay more.

Automation helps our business. It increases productivity and reinforces EDLC.

The key nodes in the network are our stores. For years we've said we're well positioned with inventory that's within ten miles of 90% of the U.S. population. The reason that's important is we know customers want speed, and we also know the last mile costs more than the middle mile, and the middle mile costs more than the first mile. Having 4,700 stores close to the customer shortens the last mile, lowers delivery times for customers, and lowers cost.

We're becoming more competitive picking and fulfilling orders from our stores, batching deliveries from stores and FCs to create more density, and delivering to doorsteps, garages, and even all the way into customers' homes.

In the future, that will become more automated, driven by data and software. The best example is a Market Fulfillment Center, which is a fulfillment center attached to a store. We have a few now, and more on the way once we get the software integrated with the hardware.

In several stores, we've already created or added the space. And until the automation is ready to be installed, we've set up an effective bridge solution what we call a "manual MFC." The associates do the picking, but in a special area away from the floor. One is Grapevine, Texas. I've been there three times since we added this. It's been such an exciting thing for those associates. That store is fulfilling almost three times the online orders a typical store fulfills, with a 99% fill rate in that manual MFC.

Shifting a lot of work from the floor to the MFC improves accuracy and productivity. It will be even better when we implement automation.

We're also creating a new role called “MFC Lead.” And Lynn, who you saw in that video, was promoted to be the first-ever one. So this is exciting for our people.

I'll stop there, and bring up two members of the End-to-End team to share more. Mohan Akella leads our team called "Centroid," which focuses on Supply Chain strategy and optimization. And Prathibha Rajashekhar leads our automation team.

Mohan Akella, SVP, Omnichannel Supply Chain Strategy and Transformation, Walmart U.S.

We are very excited about how we're using data, software and technology. It's accelerating our supply chain transformation both digitally and physically.

We are rethinking our data architecture and rewriting the algorithms inside our planning and execution engines with an omnichannel customer and connected and flexible network in mind. That's a fundamental shift from our traditional approach.

The smart engines that we are developing, can orchestrate the flow of product from suppliers anywhere in the world to store shelves and customers' homes. The impact is high product availability for our customers, and low costs.

The foundational piece of this transformation is our ability to anticipate customer demand.

Our forecasting engines are looking at customer demand at a finer grain than ever before and holistically across all demand types – grocery, ambient, in-home, go-local etc.

In the picture you will see half mile hexagons, which we call pixels, which is the level at which we predict customer demand across all channels. Our forecasting engines will have the capability to continuously update as they get new signals from our stores, our associates and of course customer sentiment and behavior.

Our dynamic inventory placement and replenishment engines will then use this granular forecast to deploy millions of items in the right quantity at the right locations across our stores, fulfillment centers and distribution centers to support this demand and maximize product availability.

Data and technology play a crucial role in evaluating billions of trade-offs to place inventory optimally and ensure customers always have access to items at a great price and convenience.

We then leverage our suite of last mile engines to design customized service areas in towns and cities across the US, with the right fulfillment and delivery capabilities to reach more customers while reducing cost per delivery.

The picture here shows 3 stores in the Dallas market and their service areas. They're shown there as a combination of pixels. You will see that the service areas are not just uniform circles around the stores, which is what we've traditionally done. Now we use digital simulation tools to assign the right pixels to each store to service customer demand fully while balancing capacity and costs.

Our routing engines are focused on designing smart routes that can combine multiple grocery, general merchandise, in-home, eCommerce and Walmart GoLocal orders in the same trip to build density and further reduce cost per delivery.

John, as you can see, we are taking a customer centric approach to leverage data and technology to make better decisions across our omnichannel supply chain - how we better understand customer demand, how we deploy inventory, and how we design and deliver through our last mile to help them save money and live better!

Prathibha Rajashekhar, SVP, Automation and Innovation, Walmart U.S.

My team is responsible for developing and deploying automation across our network.

But we're not automating for the sake of automating. We're being very intentional about why, where and how we're doing it.

Yesterday you saw an example of the automation we're adding to our ambient distribution centers. We're also automating across our other facilities, and I'll show you some.

I'll start with an automated fulfillment center, like this one here that opened in Joliet, Illinois late last year. These automated FC's are setting an entirely new precedent for us on the speed of fulfillment. The massive, automated storage and retrieval systems in an automated FC are designed to hold tens of millions of items, which is double the storage capacity of a traditional FC.

What I'm most proud of, is when customers orders are ready to be filled, associates no longer need to walk long distances to pick items. Instead, they stand at ergonomic workstations while the product comes to them. By designing automation with our people in mind, we've surpassed our associate net promoter score in these facilities.

Customers feel the benefit too. These new FCs can double the number of orders we're able to fulfill in a day, which means packages get to a customer's doorstep faster than ever before.

Now let's look at one of our automated perishable distribution centers. These state-of-the-art-DCs are remarkable.

Their primary purpose is to first receive perishable merchandise from our suppliers. Second, store the cases of merchandise in an automated storage system that stretches nearly 80 feet tall, and third, retrieve them when a store order is ready to be assembled.

One of my favorite parts of the process is watching as our algorithms go to work to assemble cases and create the perfect pallet. The speed and efficiency of this operation result in us being able to move 2X more product than a traditional perishable distribution center.

And our associates love working here because we're evolving our most physically demanding DC job, called order filler, into tech-powered jobs like operators and technicians.

And as John just said, we're also going to add more automated market fulfillment centers to stores, which will increase our digital capacity.

Automated MFCs are fulfillment centers that are built in the backroom of a store. There are a few unique things about the way our MFC solution is engineered, like the proprietary design of the system. The bots are the only moving part of the entire operation, which makes it a more capital efficient solution. They navigate a dense storage system that holds tens of thousands of items in totes. And, the inventory is separate from store inventory, which reduces substitutions and last-minute out of stocks.

When customers place their pickup or delivery orders, the totes are retrieved and brought to associates, who assemble digital orders at workstations. Adding both manual and automated MFCs to stores is only going to expand our digital capacity as we continue to lean on our stores as forward deployed fulfillment centers. They're really going to help us deliver the perfect order that delights our customers every single time.

As you can see, we are not taking a one-size-fits-all-approach when it comes to automation.

We're looking at our facilities and designing unique solutions that match the needs of our customers, associates, and business.

And we're doing it with the best engineering and tech talent who are customizing our hardware and software combinations tailored to the omnichannel operation we run, creating a strong competitive advantage.

John Furner, President and CEO, Walmart U.S.

Thanks so much Mohan and Prathibha. You're both great leaders who put the customer first.

We'll conclude by showing those priorities you first saw yesterday. Growth, Margin, and Returns. We're investing growth in merchandising, eCommerce, and Supply Chain. Our mix is changing with retail, and our newer businesses like Connect. And our investments in Supply Chain will enable stronger returns.

Thanks, now I'll call Steph up.