CORPORATE PARTICIPANTS

Brett M. Biggs  
Chief Financial Officer & Executive Vice President, Walmart, Inc.

OTHER PARTICIPANTS

Michael Lasser  
Analyst, UBS Securities LLC

MANAGEMENT DISCUSSION SECTION

Michael Lasser  
Analyst, UBS Securities LLC

I'm Michael Lasser, the hardline and broadline and food retail analyst from UBS. We are extremely excited to have Walmart with us today. While, Walmart is the world's largest retailers, it is increasingly become known as one of the most innovative one as well.

With us today is Brett Biggs who is Executive Vice President and Chief Financial Officer. He's been CFO for Walmart since 2016 and with Walmart since 2000. He started when he was four years old and that's why he's able to maintain his youth. We're also joined by Kerry Brunner and Dan Binder. Dan leads the IR effort and they're on the line. So, thank you so much Brett. We really appreciate the time you're spending with us today.
QUESTION AND ANSWER SECTION

Michael Lasser
Analyst, UBS Securities LLC

Where I want to start is you've recently expressed how excited you are about all the opportunities in front of Walmart. And you could – it was very palpable a few weeks ago when you were [ph] trying (00:01:18) the investment community and you were smiling big and bright. And so, it was very clear that Walmart has a ton of potential in front of it. The obvious question is, why is it all coming to fruition now? What's been the big unlock to make this happen?

Brett M. Biggs
Chief Financial Officer & Executive Vice President, Walmart, Inc.

Hey Michael. Good to see you. Sorry, we got a little technical difficulty...

Michael Lasser
Analyst, UBS Securities LLC

Okay.

Brett M. Biggs
Chief Financial Officer & Executive Vice President, Walmart, Inc.

Yeah. I mean, it's I think I said that morning it's unusual maybe to see a CFO excited, but I really am excited about what we have going. And some of it is, go back, you weren't there five years ago when we said, hey, we've got to go invest in price, we got to invest in eCommerce, we got to invest in wages and it's those things that are paying off. So, the ability to go invest when we did and certainly while last year was challenging and really difficult for so many people and so many companies, it accelerated how the customer is shopping and some of the things we were already seeing prior to the pandemic accelerated some of those things.

And so, the strategy that we had coming into the pandemic is now accelerated. We think the strategy is right and now it's the time to continue to roll forward some of these things. But the great thing for us is all the things that we've talked about whether it's advertising or marketplace or fulfillment services or financial services or what we're doing in pickup and delivery, it was already started. These aren't new businesses. And so, I can see now the acceleration of the things that we've been preparing for and it's exciting to see all that coming together, but it gives us so many different ways to serve the customer and to make – to grow top line and bottom line and I think we've ever had as a company.

Michael Lasser
Analyst, UBS Securities LLC

And presumably part of this spread is that there's been a pretty dramatic cultural change at Walmart under the current leadership team over the last few years where maybe in the past Walmart had been slow to change and adapt in for an organization of its size, it was hard to do and there's now been a competency that's instilled across the organization where it needs to innovate, it needs to move fast ad it needs to change. Is that fair and that's been a key enabler for putting the company in the point, it's at today?
Brett M. Biggs  
Chief Financial Officer & Executive Vice President, Walmart, Inc.

Yeah, I think companies all go through evolutionary periods and that any company of scale gets to a point to where the things that have made it successful can actually be the things that hold it back. And the Supercenter for us was so successful and you could continue and there’s – Supercenter is a great part of what we do, but it wasn't the only thing that we needed to do. And one of my favorite books is The Innovator's Dilemma by Clay Christensen. And when you read that book you read about companies that didn't evolve and what happens over time. And it's been so fun over the last five, seven, eight years to watch this company evolve. The DNA of the company is still exactly what it was. Integrity in serving customers and trying to be the best at what we do. None of that has changed, but how we go to market had to change. And to watch Doug lead that for this company, a guy that's been with the company 30 years, has been really remarkable, but that's why I see so much in the future for Walmart.

Michael Lasser  
Analyst, UBS Securities LLC

And let's focus on these words that the finance chief is using exciting, fun. This is a whole new part of Brett Biggs lexicon, he's used to say no, no, no, this is quite a change. So another...

Brett M. Biggs  
Chief Financial Officer & Executive Vice President, Walmart, Inc.

No, but I think even as a CFO you learn and you evolve. There were things that we needed to try and you know not all of it's going to work. That's part of trying and part of evolving as a company and as a CFO, you've got a – you've always got to be the one that – if there's a discipline to be had, the CFO's got to be a leader in that, but you've got to be able to take calculated risks and it's caused me to evolve as well.

Michael Lasser  
Analyst, UBS Securities LLC

For sure. Coming back to this meeting that you had a few weeks ago, the headline or one of the many headlines was the longer term algorithm that Walmart put in place, which was 4% top line growth. That's what was a key feature of it. How do you build to get to 4% top line growth? Historically, at least over the last few years, it's been more like 2% to 3%, so getting to 4% would be bit of a new algorithm and how does it break down between the US and the international markets?

Brett M. Biggs  
Chief Financial Officer & Executive Vice President, Walmart, Inc.

Yeah. So obviously this year with the businesses that we've at least divested materially sort of UK, Japan, Argentina that's about a $35-plus-billion hit to start, so that figures in the algorithm for this year and that's why we said it was kind of a year so away.

But as you look at the capacity that we're building and the general merchandise businesses getting traction and the ecosystem that we're building, which should allow us to get more of a customer's wallet and over time continue to bring new customers in Walmart+ and other things that we're doing to put the amount of capital that we're talking about putting in over the next few years, there needs to be a benefit to the shareholders for that. And we think that's going to come in the form of top line. So certainly that's a big number from a US perspective, but the international business has changed as well. So the markets that we're in are much higher growth markets than we've been. So the algorithm even inside of the international business, the mix changes and so that helps as well but of course the US business is by far still the biggest business that we have.
Okay. So...

...and so you need to get good growth there.

So internationally levered to higher markets, the capital and expense that Walmart's putting into place you'll achieve a return and so combination of those two factors is what – is where you build to 4%. It's not any like new business that we haven't heard about that will come to fruition to drive this 4%.

Well, there will be.

Yeah.

But we have all of the things in place that we believe we need to grow top line in that way today. And as we talk about all these businesses and it's different than, Michael, when we're talking 10 years ago and it's pretty much about the Supercenters and Sam's Club and a few big countries. Now it's different ways to make top line as well as bottom line. And there'll be some things that'll work better than we think, there'll be some things that won't work quite as well as we think and there'll be new things that come up. But seeing what I see today and what Doug sees today, we think that's a level of growth that we certainly should get to at some point.

Got it. And at some point that's the operative word. I think if there was anything that was – any questions that came up out of the meeting from a few weeks ago...

Yeah.

...it's when should the market expect to see this algorithm come to fruition, that was left somewhat open ended, why was that the case?
Brett M. Biggs  
Chief Financial Officer & Executive Vice President, Walmart, Inc.

Yeah. So the biggest challenge we have right now is how is this current year going to shape up. So this last year for instance we had big stimulus with things that certainly were tailwinds for us. We don't know how that's going to play out in this current year. We may get a new stimulus plan here. We may get – we could get another one. And so it's hard to predict exactly. And as you know we, even with our guidance for this year, we were a little less specific maybe than we have been in the past. So it depends some on this year as well, Michael, and kind how the acceleration happens and how it comps against the year prior to that.

Michael Lasser  
Analyst, UBS Securities LLC

Yeah.

Brett M. Biggs  
Chief Financial Officer & Executive Vice President, Walmart, Inc.

It's just – we've got to get a better read on this year.

Michael Lasser  
Analyst, UBS Securities LLC

So the message here is look, it's not because of anything that we're mindful of with our strategy. Our strategy is good. It's going to work. It's just...

Brett M. Biggs  
Chief Financial Officer & Executive Vice President, Walmart, Inc.

Yeah.

Michael Lasser  
Analyst, UBS Securities LLC

...this is...

Brett M. Biggs  
Chief Financial Officer & Executive Vice President, Walmart, Inc.

And...

Michael Lasser  
Analyst, UBS Securities LLC

Go ahead.

Brett M. Biggs  
Chief Financial Officer & Executive Vice President, Walmart, Inc.

Yeah. And we need to we need to continue to build out the capacity as well. So a lot of the capital that we're putting in really is about building out eCommerce, pickup, delivery capacity. We had a great problem in that weeks -demand accelerated at least a couple of years. And so we want to get ahead of that demand. We want to – going to make sure we're catching up with that demand. And it just – it's all of those things together but what we
wanted to lay out for investors a few weeks ago is that as we make these investments and as investors give us capital to make these investments, this is what we’re expecting of ourselves.

Michael Lasser  
Analyst, UBS Securities LLC

Perfect. And you alluded to this in your previous – in the answer to the previous question but getting to 4%, does that require Walmart to capture more share of wallet with its existing customers or capture more customers who really haven’t been big Walmart customers in the past and what’s the unlock to be able to do that latter part and as part of this what's more realistic?

Brett M. Biggs  
Chief Financial Officer & Executive Vice President, Walmart, Inc.

Yeah. I think it's going to be some combination of both and again it goes back to this optionality. It doesn't necessarily have to be one or the other. It could be – it's going to be a combination of both of those. And as we continue to add services for 3P sellers, which gets more SKUs into our system as we do more things around financial services, healthcare, it gets more customers into our ecosystem and we want to be top of mind with those customers. And we are – for a lot of customers, we are top of mind but there's definitely room for us to be top of mind for more and more customers.

Michael Lasser  
Analyst, UBS Securities LLC

Okay. And...

Brett M. Biggs  
Chief Financial Officer & Executive Vice President, Walmart, Inc.

Existing customers and new customers.

Michael Lasser  
Analyst, UBS Securities LLC

Got it. And you’ve also put the foundation in over the last few years to have these big drivers of profitability for Walmart that are allowing you to grow top line 4% and then profits in excess of 4% and these are areas like advertising, third-party marketplace, financial services, local fulfillment, membership, healthcare. How would you rank all of those opportunities on the size of their contribution – potential contribution to Walmart's profitability over the next few years?

Brett M. Biggs  
Chief Financial Officer & Executive Vice President, Walmart, Inc.

Yeah, I think the good thing is we don’t – you won't like this answer, but we don't need to rank them.

Michael Lasser  
Analyst, UBS Securities LLC

[indiscernible] (00:12:31) until where it's going, come on Brett.

Brett M. Biggs  
Chief Financial Officer & Executive Vice President, Walmart, Inc.

We don't need to rank them.
Michael Lasser
Analyst, UBS Securities LLC

Yeah.

Brett M. Biggs
Chief Financial Officer & Executive Vice President, Walmart, Inc.

I see – I just I see possibilities and I can see big businesses with all of these things and they won't -- again, they won't all come to fruition the way we think and there'll be some that'll be home runs more than we even think they're going to be. So, the idea is to give them all the oxygen and the capital that they need to grow. I think you've also seen though when we find things that aren't working, we're much more disciplined about stopping those, delaying that in a way that can allow something else to grow. You've seen what we've done internationally.

So, I like the discipline around that, but I can look at all these businesses right now and I can lay out a really bullish case for all of these businesses. And at this point, I really don't – I don't want to choose. And when you combine that with our ability to continue to be disciplined on expenses and you remember, Michael five years ago when we said, hey, we need to invest. So, we're going to pay for part of it by being more disciplined on expenses and we've done that.

But there's also these businesses and how we're growing whether it's marketplace or general merchandise that can drive gross margin in a way that probably feels different than it did a few years ago. And that also gives us opportunity for gross margin to maybe look different than we – better than we would have thought essentially three years ago.

Michael Lasser
Analyst, UBS Securities LLC

And so the potential from all these opportunities exists and is large, would the answer be any different if I ask if you had to rank them by the speed to which they could pay off, which is a more realizable sooner presumably...

Brett M. Biggs
Chief Financial Officer & Executive Vice President, Walmart, Inc.

Yeah. Yeah.

Michael Lasser
Analyst, UBS Securities LLC

...go ahead.

Brett M. Biggs
Chief Financial Officer & Executive Vice President, Walmart, Inc.

Yeah. Some of them take less capital. And so to some degree, when you think about things like third-party marketplace, we're growing that business like crazy right now, but as we get more capacity online, it unlocks a lot of things. While it takes a little while to get all the capacity on that you would like to have. So things like advertising can be quicker, because we're already in the business. We have great relationships with suppliers, with platforms. So something like that just naturally can grow more quickly.

Michael Lasser
Analyst, UBS Securities LLC
Got it. And it's realistic for us to see – expect those to have a tangible pay offs in the next 12 to 18 months.

**Brett M. Biggs**  
*Chief Financial Officer & Executive Vice President, Walmart, Inc.*

Yeah. I believe you'll see growth in all of these businesses. Financial services, we just started a JV – a new JV with Ribbit. And so there'll be – we'll accelerate some of that as well.

**Michael Lasser**  
*Analyst, UBS Securities LLC*

Got it. And on the eComm business – oh [indiscernible] (00:15:21), we got to – before we move over to that, we got a question on the health business, which is how much can the healthcare business contribute over time? What have been some of the learnings from healthcare centers and how quickly can you scale that up?

**Brett M. Biggs**  
*Chief Financial Officer & Executive Vice President, Walmart, Inc.*

Yeah. I think there's a lot of different ways in which that can go. As you know, we just brought on a new leader for our healthcare business, Cheryl Pegus, let's spend some time with her, she's great and I'm excited about what we're going to do there. I mean, we've done some things around testing. We've done some things around these new clinics. The new clinics are really exciting and – because it's the way people want to do healthcare for patients, I don't need to make an appointment five days in advance. It's going to be a good price for doctors, they actually get to treat patients instead of dealing with a lot of paperwork and so for it's a win-win and it's how do you make that cost effective and some of that's just scaling as you would imagine.

And then how – with the pandemic, how will people consume healthcare going forward, it's going to look different. Digital has accelerated in healthcare, that's not likely to change that's probably going to continue to accelerate and there's – with the digital innovation that we have in different parts of our business that's certainly a place that we can play. So I think what we might do in healthcare could look a little different than we would have thought three years ago, again just because the world's changed to some degree but no less exciting and we know that the customer gives us latitude here to provide services for them.

**Michael Lasser**  
*Analyst, UBS Securities LLC*

Okay. I want to switch gears to the eComm business in a little bit more depth. The lines have certainly blurred between Walmart stores and its online business. How has that impacted the profitability of Walmart's eCommerce segments? This had been considerable – inconsiderable focus for the last few years and you've outlined drivers that have helped to improve the profitability of the eCommerce segment. Where does that stand today?

**Brett M. Biggs**  
*Chief Financial Officer & Executive Vice President, Walmart, Inc.*

Yeah. I mean it's really a couple years ago we started seeing the signs that we thought we would as far as reducing losses in eCommerce and it was coming from different places. And a top line as you know helps with a lot of things and you're able to leverage fixed costs differently. But as also as we get more volume through fulfillment centers, the variable costs fulfillment goes down. And as we were able to bring more brands online and develop brands, getting the mix between general merchandise and more consumable type products helped as well, so our contribution margin continue to get better and that got even much better again last year.
So the direction, again when we bought Jed and when we got more involved into eCommerce, the direction where we thought the business model would go, we're seeing that the last two years. And so I'm – I feel good about that.

But it's become so ingrained in the business and it's even more so now with the way that John has structured the merchant organization that I certainly know and Doug knows, the team knows, here's what the profitability is by channel but it's more about the profitability in total and how do we drive the right customer experience. And we have a sense of where we think they're going to buy it from and it's up to the management team to make sure that that is an outcome that's good for shareholders. So we – again I do know, we do know what the various aspects are but the total is what we are completely focused on.

Michael Lasser  
Analyst, UBS Securities LLC

And that makes total sense. And I would imagine, there will be a similar answer from a lot of organizations but as piece of this how much more investment is needed in the eComm business, there was a lot of investment done over the last few years, for example, you brought together two disparate apps. I think there's still more integration that's needed to be done with the apps, so...

Brett M. Biggs  
Chief Financial Officer & Executive Vice President, Walmart, Inc.

Yeah. We've done a lot of that. But it's even a tough question now, it's like how do you define the eComm business. Is that eComm where it's everything's brought online line is eComm, but you got eComm delivered to your house.

Michael Lasser  
Analyst, UBS Securities LLC

Brett, I'm the one asking questions here. So let's – come on...

Brett M. Biggs  
Chief Financial Officer & Executive Vice President, Walmart, Inc.

I think – but it is – but it's right, I mean it's – is eComm delivered to your house, is it eComm you're picking up in the store, is it eComm you're picking up outside the store, is it being delivered to you? It's, the lines are blurring, and they're blurring for the customer as well. They don't even think about how it's getting to them necessarily; just I need this, I want it at X time, get it to me. It really is blurring. I'm not – really not trying to duck your question. It's...

Michael Lasser  
Analyst, UBS Securities LLC

Yeah.

Brett M. Biggs  
Chief Financial Officer & Executive Vice President, Walmart, Inc.

It is really blurring, and that's to the benefit of Walmart...

Michael Lasser  
Analyst, UBS Securities LLC

Okay.
Brett M. Biggs  
Chief Financial Officer & Executive Vice President, Walmart, Inc.

...because we can do this and we can invest in it and we can still have a great top line and bottom line at the same time. It plays right into our strengths.

Michael Lasser  
Analyst, UBS Securities LLC

It would be helpful to hear what the big buckets of investing in...

Brett M. Biggs  
Chief Financial Officer & Executive Vice President, Walmart, Inc.

Yeah.

Michael Lasser  
Analyst, UBS Securities LLC

...this area might be, I – for example, the app is a good example...

Brett M. Biggs  
Chief Financial Officer & Executive Vice President, Walmart, Inc.

Yeah.

Michael Lasser  
Analyst, UBS Securities LLC

...an area probably needs a little bit more investment. Are there others?

Brett M. Biggs  
Chief Financial Officer & Executive Vice President, Walmart, Inc.

Yeah. We're going to continue to do – put every dollar we need to in the app to make it easier. We went in and we got into the one app now, but there's things we can do to make even Walmart Pay easier. And so all of that's evolving. And bringing in Suresh, our CIO – or CTO from a couple years ago – he's been a great unlock for the company. A lot of the capital over the next few years is going to go into capacity, but not just capacity on the eCommerce side, automation, which to some degree there's advantages to being a second mover in a space like this in that you can continue to have the most up-to-date innovation on how to move product within a warehouse, but also how to get it to customers. And so I think there will be some – versus some of our competitors' a bit of second mover advantage and some of the technology that we'll be able to put in...

Michael Lasser  
Analyst, UBS Securities LLC

Got it.

Brett M. Biggs  
Chief Financial Officer & Executive Vice President, Walmart, Inc.

[ph] ...because that's where our large (00:21:49) – a supply chain is the largest part of capital certainly next year and probably for the next couple years.
As part of this conversation on omni-channel, I want to layer in a question on Walmart+. At your Analyst Day, you noted that Walmart is initially focused on improving the net promoter score for Walmart+ before focusing on really growing the membership. What signposts would you like to see on that front before you get the ultimate signal that it's really time to shift into membership acquisition into high gear for membership acquisition?

Yeah. Walmart+ is something we considered for a while, and it’s great. It’s what we need to do and we’ll continue to grow it. We started out with a fairly modest number of services and benefits and we want to get this done in a way that we know the customer experiences is good. We’re watching, as you can imagine, NPS scores and how customers are reacting, the questions they’re asking, the challenges that they’re having those. And similar to probably pickup and delivery – you’ll remember Michael, let’s say eight years ago is when we started really testing pickup/delivery in Denver and we were seeing signs that the customer really liked this. And we – in that case we rolled it out, we got to the point where we said, you know what, we can make this pretty good. And we rolled it out really quickly. Now it’s a major part of our business.

I could see Walmart+ doing something similarly where we – there’s not a signpost that we’re saying, if we hit this metric, we’re going. We want to be more flexible than that. But we’re seeing good signs of how customers are interacting with it. And we’ve had a membership forever with Sam’s Club, so we have some knowledge of what we’re doing. But it’s not one guidepost. There’s a number of things that we’re looking for. But I think this will be a really important tool for us going forward, I have no doubt.

And have there been any consistent themes in the early responses from customers? Has it allowed Walmart to do business with some folks that it might not have been able to in the past, or is this more putting a bear hug around your most active customers already?

No, it’s some of both. I mean, kind of – is same – the same as what we saw with pickup and delivery. It’s some of both. Customers’ like it. Like everything, they want more services and you want to – and we’ll have that certainly over time. And competitively, I probably won’t give you a lot more insight into that.

Sure. No problem. Understood. I didn't expect that too. Yeah, on the fulfillment and last mile, how does Walmart think about balancing third-party delivery to providers like Spark and – or through Instacart and then your own Spark platform? Is that something that Walmart needs to fully control over time? And within the Spark network, is there an opportunity to expand to other retailers similar to what Shipt is doing?
Yeah, I think there's still a lot of room for this to play out and see how the market evolves. There's no way – there's no one way that it has to work out for us to be successful, which is exactly what you want. I mean, we use third-party providers as you mentioned. We use our own Spark network. We've tested with associates in the past. And I think any combination of those could work for us long-term, and we're continuing to build out the Spark network. And I like – I like where we're at because it's good for the customer and we still have great optionality. I'm pleased with where we're at.

Michael Lasser
Analyst, UBS Securities LLC

And does this – does the capacity of the Spark platform exist to meet Walmart's aspirations within eCommerce, or is there enough there to be able to do it, and do you have enough control [indiscernible] (00:26:08)...

Q

Brett M. Biggs
Chief Financial Officer & Executive Vice President, Walmart, Inc.

Yeah, it could – yeah, it could be. There's not – there's nothing really that would – that would limit it necessarily. It's like any other delivery platform. You've got to get – you got to get enough folks to come work for you and the infrastructure to go do it, but there's nothing inherently that would limit our capacity on that.

A

Michael Lasser
Analyst, UBS Securities LLC

Okay. And there's so much goodness on the profitability side, all these – these different strategies we talked about, if these strategies produce sizable leverage – and these are above and beyond some of the costs management measures that you had alluded to before and had been proven out over the last several years, what's the thought process between how you flow these gains to shareholders versus never really letting it flow to the bottom line because the expectation is, you're going to reinvest the outperformance back into the business?

Q

Brett M. Biggs
Chief Financial Officer & Executive Vice President, Walmart, Inc.

Yeah, I think you have to look at it over a period of time. There's – I mean, as we've said before, there's going to be – there could be your investment here – your less investment here, but we want you to look at it over a period of time. When you – so that's one of the reasons why we wanted to say what we've said at the investor meeting which is – when we talked about the sales growth that operating income would grow faster than sales. We think that's important for investors to understand that we are going to continue to invest in the business, but we want good returns for those investors as well.

A

Now, obviously we're not going to invest in the business if we think there aren't good, long-term returns for investors. So, it should work to their benefit both ways. But we also know that they want to see progress, and we want to see progress on bottom line. So I think we can do – we've been able to do both really; we've been able to grow profitability and continue to have great returns for shareholders with our 48th straight dividend increase and we continue to buy back shares. So, I like the position we're in and we'll continue to – I think we'll continue to be very shareholder-friendly.

Michael Lasser
Analyst, UBS Securities LLC

And speaking of investment, in many product categories, Walmart's price gaps over the last year expanded, Walmart stayed very true and loyal to its everyday low-price strategy. Others may have dropped some of the
promotions they ran in the past which allowed Walmart's price gaps to increase. So how are you thinking about making price investment this year? So let's start with that and then I have a follow-up.

Brett M. Biggs  
Chief Financial Officer & Executive Vice President, Walmart, Inc.

Yeah. Price is always going to be an important part of what we do. Again, I have talked a lot about five years ago, but in that case we said, look we need to – we need to step on the pedal a little bit on price investment, and we did, particularly in food and consumables. So, price is always going to be a big part of what we do and we want to keep those price gaps where they need to be for us to serve customers in the right way. But we watch them very carefully, and it's not just how do we do versus Kroger, how we do versus Target; it's geographically, it's product-based, it's much more surgical than it used to be. But I think over the last few years, we've invested a lot in price and we've got ourselves as we expected we would in a really good position.

Michael Lasser  
Analyst, UBS Securities LLC

And where do you see the largest opportunities to either pull back or push further? Are the gaps where they need to be? And then on this topic, there's been a lot of well-documented inflationary pressures across many categories. How is Walmart thinking about price inflation across the board this year?

Brett M. Biggs  
Chief Financial Officer & Executive Vice President, Walmart, Inc.

Yeah, I mean we're watching input costs like everybody else is, and that ebbs and flows. But again it's – it's very product-based. It's not something where you hear someone say, inflation is going to be X and do I need to take pressures up by X. It's much more strategic than that. And we work with suppliers to – if we're getting cost inflation in a product, how do we potentially change the product, how do we make it less expensive, how do we – can you do that and still keep the quality of the product. So, it's all of these conversations that happen and it's supplier by supplier and it's product by product. But our goal is to keep prices as low as we can for customers. That's what we've always done and we've managed to, I think, do that better than anyone has.

Michael Lasser  
Analyst, UBS Securities LLC

Got it. We got a question from the audience asking; could you outline Walmart's strategy on – or in the fintech area there's been a couple high profile hires recently...

Brett M. Biggs  
Chief Financial Officer & Executive Vice President, Walmart, Inc.

Yeah.

Michael Lasser  
Analyst, UBS Securities LLC

...in the markets.

Brett M. Biggs  
Chief Financial Officer & Executive Vice President, Walmart, Inc.

Yeah.
Michael Lasser  
*Analyst, UBS Securities LLC*

Looking for a little bit more detail on what the strategy is.

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Brett M. Biggs  
*Chief Financial Officer & Executive Vice President, Walmart, Inc.*

Yeah. I'm excited about it. It's something where we – we've had a pretty big financial services business for a while – I'd call it more of an analog financial services business, but it's important that's – it's cards, it's money transfers, it's other things that customers want. But I think this gives us this joint venture and it gives us an opportunity to do some things that are maybe a little different, maybe a little more sophisticated, more digital for sure. And having the skillsets that we'll bring into that along with the resources that we have and the customer base that we have already, it's not like we have to go out and have really expensive customer acquisition costs. We've got the customers today that are already familiar with our brand. So when you put all that together, I think there's a number of things that – where we could really make an impact on that industry.

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Michael Lasser  
*Analyst, UBS Securities LLC*

Is this a payments play? Is this a banking play? Well, obviously Walmart's got a lot of expertise in all those areas. Could you contextualize how investors should think about the biggest opportunity within fintech?

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Brett M. Biggs  
*Chief Financial Officer & Executive Vice President, Walmart, Inc.*

Yeah. I keep thinking about what customers need in their lives to make their lives simpler. And there's a lot of different places in which a fintech business can play in that and – do you help people get access to services, make it easier for them to get access to services. Certainly what we do with Walmart Pay and how people make payments is something that we've always – already been a big player in. We're a big player in India and Mexico and other places as well in that space. So, it's, how do you make customers' lives easier, more efficient, less expensive on the Financial Services side and if it fits one of those things, then I think it's something we can be interested in.

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Michael Lasser  
*Analyst, UBS Securities LLC*

And I want to pivot the conversation to international a little bit. I'm going to transition it this way. Are you seeing anything international, whether it's in India, China, any other market from a Financial Services perspective that's motivating the Walmart US business to get further in this area? You're seeing more innovation internationally. And so, staying ahead of the curve makes a lot of sense.

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Brett M. Biggs  
*Chief Financial Officer & Executive Vice President, Walmart, Inc.*

Yeah, I mean there's a lot of innovation in the US obviously. The first couple of times I went over to India and saw what PhonePe was doing – Flipkart with PhonePe on payment – and again not just payments, but services that make customers' lives easier, it really clicked for me the types of – me and others, the types of things that we could do in the US. And they're very – PhonePe, Flipkart, they're very sharp, very thoughtful, very innovative in that space. And so, there are things that we've seen in other places that really catch your attention, but there's – again, the US has been, think kind of the last five years, has been incredible as far as innovation in this space.
Michael Lasser  
**Analyst, UBS Securities LLC**

Yeah. And how soon should the market expect Walmart to monetize its valuable international assets like Flipkart, like PhonePe, and what will having this capital allow these businesses to do that they otherwise wouldn’t have been able to do?

Brett M. Biggs  
**Chief Financial Officer & Executive Vice President, Walmart, Inc.**

Yeah, I mean – we’ve put a – we’re going to put the capital into Flipkart and PhonePe to the extent that we need to, and we have, to continue to let them grow. But we’ve said, we’re certainly thoughtful about IPOs in markets like that. And timing depends on a number of things, but we’re still optimistic about the ability to do that. And to [indiscernible] (00:35:13) obviously you’re going to reward associates differently when you do something like that and you have a public company. So, still very much on our radar screen.

Michael Lasser  
**Analyst, UBS Securities LLC**

Stay tuned, I guess. All right. So want to pivot to Sam’s. Kath and the team have done a really remarkable job. With that being said, over the course of the pandemic warehouse club sales across the board have really taken off in the US. Do the sales lift change your long-term thinking about the number of Sam’s clubs in the US? There were some Sam’s Club closures in the last few years. Maybe those stores just weren’t well positioned. So could you get back to growing that business? And are there other opportunities for Sam’s to grow in these areas that Walmart US is adding, like fintech and healthcare and advertising et cetera.

Brett M. Biggs  
**Chief Financial Officer & Executive Vice President, Walmart, Inc.**

Yeah, Sam’s is going to grow. And we’re going to continue to want it to grow. I think growth in the future just looks different than it did in the past and not just the Sam’s Club, really across the world. Sam’s has great growth in the last year. I mean the comps – 15%-plus comps if you pull out fuel and tobacco just a great year. And I love what the team’s doing there. They can help us in a number of ways. One is, they’ve become over the past several years kind of a tech incubator. And so, we’re able to try things at Sam’s and around membership which could obviously be helpful with things like Walmart+.

So, we’re going to continue to grow that brand and it’s in a great part of the retail channel – it’s in a great retail channel. The idea of building a lot more stores or clubs in the US is probably not top of mind for us right now. Not to say that we wouldn’t grow more clubs. But what we can do with existing clubs I think’s pretty exciting; and you mentioned the things around the other services that Walmart is trying. When you put all that together, the ability to sweat the assets so to speak is probably bigger than it has been in a long time at Sam’s. So I don’t think we have to grow boxes to grow Sam’s and that’s really a good place to be in. But they serve a really unique place in our portfolio.

Michael Lasser  
**Analyst, UBS Securities LLC**

And on the subject of Sam’s Club, it’s generated significant membership growth, six times the number of members in 2020 than has been added in the last few years. There’s also been significant improvement in the renewals. What – is this just a function of the environment or there have been actions that Sam’s put in place to lead to these outcomes? And is this sustainable?
Brett M. Biggs  
*Chief Financial Officer & Executive Vice President, Walmart, Inc.*

Yeah. Certainly, the environment – and you can't rule out the environment at all in the last year. It's impacted everything. But when you look at – they are making membership – even transacting to get a membership is much easier than it used to be. Checking out at Sam's Club is much easier than they used to be. Scan & Go I use. You don't even need to go through a checkout line. So they've made it much, much easier for the member. The membership club business typically comes down to just great items. And I think our merchandising continues to improve at Sam's. Private label, Member's Mark has been – the progression on that in the last five years has been palpable. So it's a lot of different things that they're doing that I think continues to make Sam's just a really valuable property.

Michael Lasser  
*Analyst, UBS Securities LLC*

And we're coming up to the end of our conversation. I'll finish with a topic that's near and dear to the CFO's heart, which is capital allocation. The company ended last year with a very sizable cash balance. So, how fast should we – should the market expect that Walmart will deploy that cash in repurchasing its own shares? It's clear that there's more cash on the balance sheet than – than is necessary. And is it – what's the thought process on longer-term capital allocation and their approach to repurchasing shares?

Brett M. Biggs  
*Chief Financial Officer & Executive Vice President, Walmart, Inc.*

Yeah. Obviously it's a great position to be in as a company. And the message I wanted investors to hear a few weeks ago is that we're going to invest some of that capital back into the business over the next few years. And – but we also approved another $20 billion share repurchase plan. So, we're going to invest capital back in the business which should, long-term, benefit shareholders. But we want shareholders to be benefited in the short-term as well – short- to mid-term dividends and share repurchase. So, again the environment is still certainly more uncertain than it was two years ago or even a year ago. So having a little bit of extra cash, I think is a prudent thing to do at this point and allows us to be to be flexible in things that we need to do. But as a company, I don't anticipate holding the amount of excess cash that we – that we are today over any period of time.

Michael Lasser  
*Analyst, UBS Securities LLC*

Especially when the opportunity presents itself after the stock pulls back a little bit I imagine?

Brett M. Biggs  
*Chief Financial Officer & Executive Vice President, Walmart, Inc.*

That has caught my attention.

Michael Lasser  
*Analyst, UBS Securities LLC*

Okay. Well, it's good to talk to you. Thank you so much for your time, Brett.

Brett M. Biggs  
*Chief Financial Officer & Executive Vice President, Walmart, Inc.*

Yeah, you too, Michael.
Michael Lasser
Analyst, UBS Securities LLC

We wish you and the team so much continued success. And we look forward to seeing you.

Brett M. Biggs
Chief Financial Officer & Executive Vice President, Walmart, Inc.

Thanks. Appreciate it.

Michael Lasser
Analyst, UBS Securities LLC

All right. Thank you to the entire Walmarts team.

Brett M. Biggs
Chief Financial Officer & Executive Vice President, Walmart, Inc.

Thank you, everybody.