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# Walmart, Inc. (WMT)

UBS Global Consumer & Retail Conference

## CORPORATE PARTICIPANTS

### Brett M. Biggs

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

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## OTHER PARTICIPANTS

### Michael Lasser

*Analyst, UBS Securities LLC*

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## MANAGEMENT DISCUSSION SECTION

### Michael Lasser

*Analyst, UBS Securities LLC*

Good afternoon, everyone. I'm Michael Lasser, the hardline, broadline, and food retail analyst from UBS. How thrilling is this? We get to have a fun conversation with Brett Biggs, Walmart's CFO. He's been the CFO since...

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### Brett M. Biggs

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

I don't think I've ever been called thrilling, ever.

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### Michael Lasser

*Analyst, UBS Securities LLC*

This is thrilling. This is thrilling.

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### Brett M. Biggs

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

Okay.

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### Michael Lasser

*Analyst, UBS Securities LLC*

And part of – one of the more thrilling elements of this is, across our country, we've had two big retirement announcements from superstars this year, Tom Brady and Brett Biggs. And only one of them has actually paid their respects to Boston. So...

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### Brett M. Biggs

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

Oh.

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**Michael Lasser**

*Analyst, UBS Securities LLC*

...that speaks....

**Brett M. Biggs**

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

You've been working on that one a long time.

**Michael Lasser**

*Analyst, UBS Securities LLC*

Yeah, I did. I did. I did get hit, though, so...

**Brett M. Biggs**

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

You get hit. That was good.

**Michael Lasser**

*Analyst, UBS Securities LLC*

And we have Kary Brunner with us as well, a key member of our Investor Relations team. But thank you so much for coming.

**Brett M. Biggs**

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

Yeah, my pleasure. This was the last live conference we did before COVID.

**Michael Lasser**

*Analyst, UBS Securities LLC*

I know. I know.

**Brett M. Biggs**

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

Was here.

**Michael Lasser**

*Analyst, UBS Securities LLC*

Last in, first out, as they like to say.

**Brett M. Biggs**

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

Yeah.

**Michael Lasser**

*Analyst, UBS Securities LLC*

And we appreciate you coming back.

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## QUESTION AND ANSWER SECTION

**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

One of the big topics over the last couple of days has been inflation. And there's probably no company that has a better perch or better position to help the consumer navigate through this inflationary environment. So if inflation lasts longer than expected, is that good, or not so good, for Walmart?

**Brett M. Biggs**

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

A

As you look at the last couple of years and go – heck, go back the last five years, I think we've demonstrated the ability to operate pretty well in most any kind of environment. And consumer was really healthy, certainly partially because of stimulus, the last couple of years, but we performed really well in that environment as well.

I think as customers – we're not seeing a lot of change in customer behavior, at this point. If we did and customers start getting more focused on their own spending, I think we have a lot of things to offer for that customer. We have sharp pricing. We have assortment, one-stop shopping with a Supercenter. If you want to shop online, in stores, delivery, curbside, whatever you want, we've got it.

I don't think anybody benefits from a lot of uncertainty. And we all probably have a little more uncertainty than we would like to see right now in the macro environment. But when customers get really, really focused, I think we do incredibly well in those environments.

**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

Brett gave the best barometer of the heightened sensitivity from this in that his mom has started to ask him about some of these...

**Brett M. Biggs**

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

A

The mom index.

**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

Mom index. So what – and does that say anything about how this is going to unfold? We're all trying to figure out, not just what's going to happen tomorrow but what's going to happen in the next six months as the consumer has to navigate through this?

**Brett M. Biggs**

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

A

You know what? The consumers' navigated a lot in the last two years. So I think companies and consumers have gotten a lot more flexible in how they manage through whatever situation they're in. So I think the nimbleness is there. But I think, again, Walmart's in the right position to be able to help them through that.

We talked about it at the end of Q4. We know that inflation was on the customers' mind, for sure. Still is. And now fuel prices, we've seen fuel prices this high before, but probably haven't seen them go up this quickly in maybe in most of our lifetimes, the kind of speed we've seen fuel prices go up. Now, oil price has come back down the last couple of days and I think it's TBD what happens. But it's, look, consumers have a lot of things on their minds right now and I think we can we can help them in that situation.

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**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

So a year ago or so, Walmart introduced an algorithm of generating 4% top line growth and better than 4% operating income growth. Excluding divestitures this year, it expects to largely be on trend with that. And that's despite lapping an incredible amount of stimulus that was distributed in the year-ago period. So if Walmart can achieve that type of algorithm in this very dynamic and challenging environment, why couldn't it do better than that in a more normal year?

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**Brett M. Biggs**

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

A

Oh, you always like asking that question.

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**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

That's right. You know...

[indiscernible] (4:35).

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**Brett M. Biggs**

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

A

I feel as good about the business as I've ever felt in our ability to achieve that algorithm. We said [audio gap] (4:46-4:55) top line growth and then more on operating income side. If you look at the last two years in the US, you take [Technical Difficulty] (5:02-5:12), we've grown revenue over \$65 billion, 17% top line growth, so it's amazing growth. So I feel great about our ability to do that, to be able to add on top of that. [Technical Difficulty] (5:22)

And if you add on the newer businesses that we're – let's call them growing businesses, whether that's advertising, Marketplace, Walmart Fulfillment Services, fintech, healthcare, all of these are businesses that could scale on their own. They're all scalable and they all tie in really well with what we're doing on let's call it the core retail side. And that's really what the omnichannel strategy is.

And we get questioned at the time is, look, you know, how are you going to beat so-and-so? Well, I'm not trying to beat so-and-so. I'm trying to be the best Walmart. And by doing that, I think we will be the winner in retail over the longer-term, because of all these different things that we can do that allows us to address customer needs at the same time as we're addressing shareholder needs. And you want us to grow our returns. And that's, we feel strongly, we can do both.

**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

And we talked a little bit about this earlier today. In like, literally, in the coming two weeks, this will start to be a period where, not only Walmart, but really the economy, laps what was just an extraordinary amount of...

**Brett M. Biggs**

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

A

Yeah.

**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

...money that was distributed to the consumer in the year-ago period. How do you keep the team focused as they're going to go through a period of declines in the business, because the business did so well in the year-ago period? It's only natural for human behavior to panic.

**Brett M. Biggs**

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

A

Yeah. I mean, we still think we'll grow revenue in the quarter. But it's – the reason our operators and stores are so successful, is that they do look at this day-to-day. And they're trying to – they're competitive and they want to beat those numbers every day. The thing is for all of us to step back and make sure – we want a little bit of that pressure. That's good. We want them trying to beat those numbers.

At the same time, we got to step back. And John Furner and Doug and others do this and all the way down through the organization to say, hey, last year was – it was pretty different. I mean, March and April were huge sales volumes last year, particularly on the general merchandise side. And we just – we've just got to help keep people focused. We just had our Year Beginning Meeting last week, both the Sam's Club and Walmart, which was great. We got people back live. And enthusiasm is fantastic, but we'll be smart about it.

**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

And would you – outside of Walmart, would you expect other retailers to start to engage in knee-jerk reactions to what's inevitably going to be a more difficult environment?

**Brett M. Biggs**

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

A

I think you just have to prepare for anything you might see. We've been through periods of time – I think about my 22 years with the company, been through periods of time where the competitive environment gets more challenging or discounting gets more heavy. I think that's more unlikely. When prices in general are going up, you may see less of that. But competitively, again, where we are with our price gaps, where we are on assortment, where we are on customer convenience, just I think we've got a really nice mix and I would say optionality in running the business.

We just – you've heard me say this many times. We have so many levers that we can pull as a company to make sure we're taking care of customers that need us and may need us more, given what's going on right now, but take care of shareholders. And as a management team, we know we have to do both. We don't get to choose between those two.

**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

You and I have actually talked about these levers repeatedly in these two seats...

**Brett M. Biggs**

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

A

Yeah.

**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

...over the years. And it seems like the number of levers that are available to Walmart today versus even just a couple of years ago has dramatically increased. And one of those levers is Walmart Connect, its advertising business. Walmart has aspirations to be a top 10 advertising destination. Does it have the infrastructure to be able to do that today? And just as importantly, does it have the credibility with advertisers to be able to fulfill those aspirations?

**Brett M. Biggs**

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

A

Yeah. I think we've always had the credibility. We have the infrastructure as well, some of the things we've done with our partnership with Trade Desk and other things like that. It's more automated, more self-service than we've had in the past. The credibility has always been there in that space.

We've been a little self-limiting on this the past few years. If you go back to the conversations we had about this a few years ago, internally, we always wanted to make sure that as we were growing the advertising business, that we could do it in a way that's not confusing for customers, that the site's not cluttered, that we're not making it difficult for customers. And also doing it in a way that when a product gets recommended, that the customer knows we think that's good for them, that it wasn't necessarily someone else making that decision for us, that we still own how that happens. And we've gotten comfortable that we can do that and still grow a sizable advertising business. And I think there were some people, it was a little larger than they anticipated.

**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

Yeah.

**Brett M. Biggs**

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

A

But I think you can sit back and look at it and say there's definitely room to go in that business.

And you talk about the number of levers increasing. What I'm excited about is they have increased, particularly with some of the newer businesses that we have, but it's not like I'm talking about 100 levers.

**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

Yes.

**Brett M. Biggs**

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

A

It's a manageable number of levers that are all scalable that we can focus. When I look at all these newer businesses, each one of them can scale on their own. Some of them will be better than we think. Some, just the likelihood all of them won't be as good as we think. But if a fair number of them are as good or better than we think, it's very sizable.

**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

Yeah.

**Brett M. Biggs**

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

A

And so, it doesn't all have to work perfectly, but they're all great businesses. And if they work like we think they can, it's really exciting for the future.

**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

And speaking of good businesses, you've gotten animated this morning when you talked about financial services. It seems like that's an area of particular excitement. How does Walmart build credibility in financial services? There's been periods in the past, where retailers have thought about trying to enter this arena, you know, [ph] Sears and Dean Witter (11:30). How is this time different? And how does Walmart build credibility in this area?

**Brett M. Biggs**

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

A

We've had a long-term business in this. It's been what I'd call a little more probably older school financial services, money transfer, money cards, the things that our customers still need, want. And we do a great business there.

We made the decision last year to partner with Ribbit Capital. And some of you guys may know Micky [Malka], and fantastic entrepreneur, great mind. And then Omer [Ismail], who came from Goldman Sachs, again, just fantastic, smart, innovative. And it gives us a chance to look at the business a little differently and be a little more forward-footed on it.

Today, one of the challenges that a lot of fintech businesses have is customer acquisition cost. But given the eyeballs that we have and the number of people that transact with us every week, customer acquisition cost is actually something we already bring to the table. We should have a lower customer acquisition cost than other companies like that.

And when I think about financial services, I think about it – and Doug and others do, too, is it's broader. It's how do you help customers solve problems? They're not sitting there thinking – and sometimes they're sitting there thinking, I need a money card. But sometimes they're sitting there thinking really just how am I going to make my life easier? How do I manage subscriptions? How do I manage my budget? Where do I invest? How do I go procure insurance? And it's all these things you deal with every day. And they're all our customers already.

And if we can just help that existing customer base make their lives easier and it's profitable as well, it's a no-brainer for a business like us. But I – the way we'll do financial services in the future, and not in the long feature, in the near future, is going to look different than what we did in the past.



**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

Well, hopefully, you're not thinking about investment banking and equity research as part of financial services. If you are, we should talk.

**Brett M. Biggs**

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

A

I'm not even going to touch that.

**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

Okay. I'll pivot the conversation to the online business. And where I want to start is Walmart has been building more infrastructure to support the various way it's serving the omnichannel customer. Do you expect that Walmart will have to have as large a last mile delivery infrastructure as the largest online competitor out there?

**Brett M. Biggs**

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

A

I don't think we have to, but I think we could.

**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

Yes.

**Brett M. Biggs**

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

A

When we started Spark – looking at Kary – several years ago, four, five years ago, maybe, it was another way for us to service a customer, where using third parties, where using the common carriers, doing all kinds of different things, but it was something we wanted to try. We thought there could be some benefit to us there. And it's been great. It's been great enough that we decided it could be its own business, with things like GoLocal, that we could take something that was a cost and turn it into a revenue stream. And there's demand there.

We're one of the largest logistics companies in the world. We know how to do this.

**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

Yes.

**Brett M. Biggs**

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

A

And so taking something like that and doing some of this revenue driving is pretty different for Walmart, but it's how we're thinking about things now. And you're going to see that, I think, more often in the future. So I think we could be. I think we can scale as much as we want to. And we'll be flexible in how we look at that last mile. We want to get to the customer as cheaply as we can, on time, the right service. And how we get that done then becomes the option.

**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

So is the thought process is you can see all this as fast as both your 1P and 3P business necessitates?

**Brett M. Biggs**

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

A

Yeah. We've got the infrastructure, the technology to really scale it how we want.

**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

And to what degree does the technology and the infrastructure enable the growth of the third-party business? It seems like that's...

**Brett M. Biggs**

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

A

Yeah, similar.

**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

Yeah.

**Brett M. Biggs**

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

A

Yeah. It's basically some of the same systems. So it does allow for that scaling.

**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

And have third-party sellers seen this growth and various options that you've been giving to them and said, well, Walmart is now more of a credible outlet for me to...

**Brett M. Biggs**

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

A

Yeah. I...

**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

...build my business.

**Brett M. Biggs**

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

A

I think sellers look at us a lot differently than they did three or four years ago...

**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

Yes.

**Brett M. Biggs**

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

As we've made onboarding much easier. We added 20,000 sellers last year. We expect to add 40,000 this year. We made it simpler. Everything you want, right? You make it simpler, you make it easier for them to build their business and you give them an alternative. We have a big eCommerce business that's getting bigger. And so they want eyeballs and they want simplicity. And I think in both cases, we've upped our game significantly in the last few years.

A

**Michael Lasser**

*Analyst, UBS Securities LLC*

Is it as easy for a third-party seller to sell on Walmart as it is for them to sell on Amazon?

Q

**Brett M. Biggs**

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

I think for the most part, particularly now. We have Walmart Fulfillment Services, that is something – that was a – it was a piece we were missing a few years ago. And as we add capital in the fulfillment space, the good thing about the capital in that fulfillment space is whether we grow third-party, first-party, it can all go through the same fulfillment centers.

So we're somewhat ambivalent to it, except we want a bigger Marketplace business. Marketplace, from a margin perspective, as well as a top-of-mind customer SKU perspective, customer destination perspective, is really important.

So as you think about Walmart, you need to know that when you go online, you can find anything you want. We have 170 million SKUs today. I'm going to guess that's going to fulfill pretty much everything you want, but we're going to keep adding to that. And it's all of those things that matter.

A

**Michael Lasser**

*Analyst, UBS Securities LLC*

I think...

Q

**Brett M. Biggs**

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

We'll have a bigger Marketplace business.

A

**Michael Lasser**

*Analyst, UBS Securities LLC*

You will?

Q

**Brett M. Biggs**

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

Yes, for certain.

A

**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

I think the term that rhymes with [ph] nywheel (17:17) is one of the most overused terms in the business world right now, but it does seem like you're creating this ecosystem that really is going to build on itself. And one of the drivers of this ecosystem is this subscription model that Walmart introduced a few years ago, Walmart+. What is the profile of a customer that signs up for Walmart+?

**Brett M. Biggs**

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

A

Yeah. It's a big initiative for us. People are talking about sometimes this is new to us. But we've had Sam's Club. We've had a membership business for a long, long time. And so we know what kind of things drive those businesses. It's an incredible opportunity for us. We know that shoppers, I'm not going to get into the specifics, but shoppers that have Walmart+ buy significantly more, I mean significantly more, than a non-plus.

**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

And if you get into specifics, what's Doug going to do? Come on.

**Brett M. Biggs**

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

A

We'll just keep it at this. How about that?

**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

Okay.

**Brett M. Biggs**

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

A

But significantly more than non-plus members.

**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

Okay.

**Brett M. Biggs**

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

A

Or people that aren't members. And we know that that carries on. So it's not just they do it right away and then they don't use it again. Once we get them in, we keep them in. They're a significantly larger customer for us, which is what you would assume, right?

And then, when you get them into that ecosystem and they're transacting even more. They're using financial services. They're buying more general merchandise. They're buying those higher margin apparel and home items. That's where the magic works inside that flywheel and where the P&L works as well.

**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

So we've talked about financial services. We talked about the third-party marketplace. We talked about Walmart Connect. We talked about Walmart+. This is – these are the pillars of this evolution to Walmart's business model.

Walmart's business model historically has been you have big stores, you sell a lot of stuff, get big volumes, use that leverage with your suppliers to offer the cheapest prices out there. You still have that. And then now you layer on all these alternative profits. What's the strategy for then going to take some of those alternative profits in this really juicy profit pool to then go and potentially reinvest back further in price and distinguish Walmart even further from the competition?

**Brett M. Biggs**

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

We're always going to be sharp on price.

A

**Michael Lasser**

*Analyst, UBS Securities LLC*

Yes.

Q

**Brett M. Biggs**

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

I don't think those – those decisions aren't mutually exclusive. As we think about what the P&L looks like, when we think about the algorithm that we laid out. It's really about the total. What's the total profitability of the company, based on the revenue we think we can generate? And then how do you move the pieces in a way that gets that done? There's all kinds of different ways to get – you know, to get to the same answer. So it's not we make more money here and that just we're going to put that all back into pricing. Our price caps are in really good shape. And we're always going to be there for our customers, but we're going to be there for our shareholders, too. And so we're going to make sound decisions about how we think about pricing.

A

There may be times where we say, hey, more of that's going to flow to the bottom line. There may be times we'll say it's time to go and invest in something and we do that. But it's another lever. It's optionality that, you know, we really weren't talking about as much couple of years ago. That when I look out, you know, I've said before, right now, I feel as good about Walmart as I've ever felt. It's because of all these different ways that we can get to the answer that we want to in serving customers and taking care of shareholders. It's as good a position as we've been in.

**Michael Lasser**

*Analyst, UBS Securities LLC*

And is part of the answer, look, we have this profit pool, but we don't want to get too over our skis? It doesn't make sense to necessarily have our price gaps too wide, because it may not provide the unit response right now. But with that being said, what gave you confidence to guide to how you did, was if you're not seeing the traffic or the unit volumes, you have the optionality to make some of these investments to be able to drive the business as you move throughout the year.

Q

**Brett M. Biggs**

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

Yeah. Growing market share for us is incredibly important. We want to be top-of-mind with customers, but we can do that in a way that makes sense financially. I think we've been doing that in a way that makes sense financially. But we want to take market share. We've been taking market share. Top-of-mind with customers is number one for us.

A

**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

And these pricing investments and being top-of-mind with consumers could be that much more important in this environment, where that lower income is, lower-income consumer's feeling a little bit of pressure? Are you seeing any signs that that consumer is feeling the pinch? And how do you think you would see it?

**Brett M. Biggs**

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

A

Yeah. Well, we're not – we haven't seen much change in customer shopping behavior, yet. Typically, when fuel prices go up, you'll – for us, you'll see some consolidation in trips. You'll see if traffic might go down a little bit, transaction dollars will go up. So they'll buy bigger baskets. That's fits right with us. If you're going to go – if you're going to decide to go one place versus three, you're going to go to Walmart because of the SKUs, everything that we can offer you in product, service. So – but we haven't seen a big change yet.

And you know I – when you look at all the metrics, you look at unemployment's low. Wage rates are high. Customer balance sheets are still pretty good. Savings rates are still pretty good. There's a lot of things that are still feel pretty good from a consumer standpoint, and we just haven't seen that change as of yet.

**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

Understood, yeah. Wages and labor investments have been a big topic for Walmart. There was a round of investments over the last couple of years. Where does Walmart stand in terms of the average wage rate? Does it need to make another investment? Has it gotten any easier to attract and retain employees?

**Brett M. Biggs**

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

A

Yeah. I think the things we've done over the last few years got us in good position. And probably no better metric than that than we hired a couple hundred thousand people as we got into the holidays, which is no small feat, no matter how big you are. So I think that's a good data point. We've been proactive over the last couple of years, not just in wage rates, but other things we've done with Live Better U and other benefits.

So the average hourly rate in Walmart stores today, so the Walmart US business, is \$16.40, a little bit over \$16.40, on average. Sam's is a little bit higher than that. And the supply chain's over \$20 an hour. So I think we're in pretty good shape. And again, the ability to hire is your best metric with that. And you know, we're all going to monitor and watch what happens in the next few months with inflation and wage rates and everything else. But as of right now, I feel good about where we're at.

**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

And how has the deployment of automation and technology helped to alleviate some of this? Walmart, starting last year, had made some investments in areas like micro fulfillment.

**Brett M. Biggs**

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

A

Yeah.

**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

What should the market expect from those investments?

**Brett M. Biggs**

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

A

Yeah. We've made investments in places where we can be more productive, but also in places where there are jobs that associates generally just don't like to do as much, whether that's, you know, one of the things that people really don't like doing is unloading a truck. It's really difficult to do. It's time consuming. It's labor intensive.

And some of the work that we're doing – we've talked about Symbotic in our distribution centers – is going to help alleviate some of that. You can redeploy people to jobs they'd rather do, higher value. And so all that plays in, I think, what we want to do as a company, not just from a financial standpoint, but also what our – what our associates want to do as well. But it helps. I mean, it's – we've gotten – we're more productive than we were a few years ago.

**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

Is the deployment of those investments going to be bigger this year than they were last year between the robots, the automated unloading?

**Brett M. Biggs**

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

A

Yeah. There's some things we've been working on the last couple of years, probably more in the supply chain that you'll see – there's some store automation, but more on the supply chain side, that you'll start seeing us roll out over the next few years. And as we go through that, we'll be walking investors through that and what we're doing, where we're seeing the benefits, what we're working on. And I think, you know, you saw us talk more about advertising in Q4, you know.

**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

Yes.

**Brett M. Biggs**

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

A

As we make – our CapEx is a little higher than it's been in the past. And as we raise CapEx, we know that we need to come back to investors and say, hey, here's what you're getting for that CapEx, here's what's working and here's what's we're working on. And so I think you'll continue to see more and more data from us.

**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

Has it been more challenging to deploy some of this automation than was thought? Because the recent narrative has been more about some of the alternative profits and a little less about some of the...

**Brett M. Biggs**

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

Yeah, no, it's – I – we're pretty much where I thought we would be. The challenge is two fronts, one, the omni model has never really been built. There's no other company doing what we're doing with stores and eCommerce and pulling this all together in the way that we're doing. It's never been done. There's no playbook for this. So we're developing the playbook.

A

**Michael Lasser**

*Analyst, UBS Securities LLC*

Yes.

Q

**Brett M. Biggs**

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

So it's hard to know if we're on time or not. We always feel like we're behind, which is probably what you want to hear, and we feel that way.

On the technology side, it's complicated. It's – when you look at what we're doing in our distribution system to automatically stack a pallet and stack it in a way that you can unload at the store, save a significant amount of time in the store and have it aisle-ready when you get to store, that's a complicated system, but we know it works. And now, we know that we'll be in the process of starting to roll out things like that because it works, but it takes time. We're just doing things that haven't been done before.

A

**Michael Lasser**

*Analyst, UBS Securities LLC*

Yeah. And...

Q

**Brett M. Biggs**

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

But it will also be, I think, a significant competitive advantage.

A

**Michael Lasser**

*Analyst, UBS Securities LLC*

Has Walmart accelerated its embrace of technology versus a couple of years ago, such that five years from now, it'll be in a pull position or leading the deployment of the next-generation technology?

Q

**Brett M. Biggs**

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

Right. Yeah. It's – we're incredibly comfortable with it. And a lot of that started with Doug.

A

**Michael Lasser**

*Analyst, UBS Securities LLC*

Yeah.

Q

**Brett M. Biggs**

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

A



Doug – and go back, go back 30 years ago or 35 years ago, it started with David Glass. David was really the first retailer that said we're going to put in satellite dishes and talk to our stores every day.

I feel like we're on another journey on that. And Doug's been a leader in that. Three years ago, we brought in Suresh Kumar, who had worked at big, big tech companies. And he's brought in new ways of doing things and, you know, different ways of looking at talent, different ways of looking at process. And it – yeah, it does feel different than three or four years ago. It's faster. It's quicker. I feel like when things – when we go into something and it doesn't work, I think we stop it quicker as well. So I – yeah, I like the feel of it.

---

**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

Yeah. I want to pivot the conversation to Sam's for a little bit. Sam's been doing...

---

**Brett M. Biggs**

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

A

Doing really well, yeah.

---

**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

...really well. And with that being said, is there room for Sam's to accelerate the growth in new warehouses and others – other initiatives now that it is doing – you know, has such good momentum behind it?

---

**Brett M. Biggs**

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

A

I think there's always the possibility you could do, you know, a club here or a club there. But the club base we have right now is it's strong. It's we're getting more dense in each one of those clubs. And the club business is about scale. And when you can get scale in a club, it just runs differently. It runs much more smoothly and members like it better, profitability gets higher, you throw fewer things away, it all just works better. So I like the club base that we have.

Where we're seeing the biggest impact is membership is up significantly, both base membership but also our Plus Member penetration is much higher. Member engagement is high. Sam's has been great in leading the company at times in technology. And let's try something here at Sam's, it works. Scan & Go would be a great example. You see that used more. It's different at Walmart, but utilized at Walmart as well.

It's been a great place to develop people. And it's never run better. It started four or five years ago, really took a tick up. Furner was over there. Kath has come in, done a great job. The team is – you want to talk about a motivated team, that team is on fire. And we talk about this little business, it's \$70 billion or more. And so, it's really big business and it's great returns for Walmart.

---

**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

And there's a lot of talk about fee increases. It's constantly asked for Costco, Netflix, and Amazon have raised their fees. Sam's hasn't raised its fees in a while. Why is that the case and how much pricing power does it have to raise its fees?

**Brett M. Biggs**

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

Yeah. We're always looking at member value and it's – you look at the membership fee, along with pricing, the gross margins, your expense structures and what's best for the member. I'm comfortable with where we're at today, but we're always looking at structurally, how does – what does that look like? We've talked about it a number of times during my tenure. And so nothing, nothing to say specifically today.

A

**Michael Lasser**

*Analyst, UBS Securities LLC*

No announcements?

Q

**Brett M. Biggs**

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

No announcements today. Apologize. I'm not going to do that on your stage here. So we're always looking at what the best, I think, amalgamation of all those things are for the member.

A

**Michael Lasser**

*Analyst, UBS Securities LLC*

And pivoting to the International business, is the International business at all being impacted by the geopolitical uncertainty? And how would you – if it will be, where and how will you expect to be impacted?

Q

**Brett M. Biggs**

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

Yeah. We don't have any direct business in that region, and very limited even supplier base in that region. It's – I mean, just on a human level, it's awful. And we've got – we have associates, certainly have family members there and support them. It's just – it's an awful situation. Everybody thinks about it. In my prayers all the time, that situation. But from a business perspective, it hasn't had a major impact on what we're doing. We reduced our exposure in the UK. That would have been the closest thing we had from a geographic standpoint. And so, it's just not, from a business standpoint, in direct line of sight from a business impact standpoint.

A

**Michael Lasser**

*Analyst, UBS Securities LLC*

Business standpoint. Any, well, and I'll lead into a broader question, but any sourcing from Europe that would be impacted?

Q

**Brett M. Biggs**

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

I think it's just – it's to be seen...

A

**Michael Lasser**

*Analyst, UBS Securities LLC*

Yeah.

Q

**Brett M. Biggs**

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

A

...what happens. I think it's really hard to predict what could happen. And I think, just like everybody else, we're just going to have to see this play out and be nimble about it. I think the last couple of years have proven how nimble all of us can be with new things that similarly kind of come out of nowhere and we'll have to just – this one's far worse from a human perspective, but we'll just have to work our way through it.

**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

No doubt about it. Speaking of sourcing, from a supply chain perspective, is the global supply chain better today than it was six months ago?

**Brett M. Biggs**

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

A

Yeah, I think it's definitely getting there. One, I think companies have learned to work through it a little bit better. We've – we're better in some ways because of it in that we've just learned how to – we can operate differently. We can do some different things. It's not ideal. You'd like – you don't want to go through what we've seen the last year, but I think port congestion, getting a little bit better. Let's talk about at least maybe like a couple of weeks ago, everything seemed to be getting a little bit better.

When we gave guidance, we had assumed that we'd see it settle out some, probably as we got toward the back half of the year and get in-stocks back in like where we would have them pre-pandemic. So I think that's still our hope. But you always plan for, if it doesn't work out that way, then how are we going to keep working through? And the good thing is, is we've learned to work through it.

**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

And you mentioned between the supply chain challenges and tariffs before that, Walmart has learned some new...

**Brett M. Biggs**

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

A

Yeah.

**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

...agility.

**Brett M. Biggs**

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

A

A Walmart merchant does a pretty tough job, actually.

**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

Yeah. Welcome to equity research.

**Brett M. Biggs**

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

A

Again, I'm not touching that.

**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

No, for sure.

**Brett M. Biggs**

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

A

Okay.

**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

How does this permanently change Walmart's agility? Does it make it – does it manifest to make it more profitable business? Because you've said, look, some of the things we had worried about doing in the past, we've had no choice to. And as a result, we can now comfortably navigate in that way.

**Brett M. Biggs**

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

A

We have more confidence, for sure, that we can navigate through – again, it was three years ago, started with tariffs and then we went into COVID and now we're in inflation. So we've learned to navigate through that. I think our merchants are better, more tools in the shed to deal with situations like this. And we have a great mix of merchants of – maybe our Chief Merchant, Charles Redfield. I've grown up in the company with Charles. And he's spectacular and the kind of guy you definitely want in the seat when you're trying to manage margin and pull all these levers. He's seen probably everything you can see at Sam's Club, Asda, at Walmart. And then you have some newer merchants that can bring new ideas and bring fresh ways of thinking of things. And I think it's a great mix.

**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

Yeah. Yeah. And speaking of profitability, in the fourth quarter, the Walmart International business did experience some gross margin pressure because the eCommerce business was doing pretty well. Is this a structural challenge, that not only the Walmart International business is going to have to navigate through, but the domestic business might have to experience this at some point, or you've kind of mastered that?

**Brett M. Biggs**

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

A

The International business, you've got a couple of things going on. You've got – as you said, eCommerce penetration is going up. It's 20-ish percent. As we got toward the end of last year, China business, which is a big business for us, the Sam's business is doing incredibly well. That's a good thing, but it's lower gross margins. Operating margins would be somewhat equivalent. So from an operating dollar standpoint, I don't think you have a challenge there. Each market is really different. And the Walmart US business still, you have typically more general merchandise, so you have a different margin mix in the Walmart US business. And now, with the other profit pools that we have there, I don't think it's apples-to-apples.

**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

And the profit pools that Walmart's developing in the US, how fast can it replicate those [ph] in International (36:07)?

**Brett M. Biggs**

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

A

Yeah, we're starting to. It's in places like Canada, you see that Canada has lot of similarities to the US in how we run the business. Walmex, though, is doing an incredible job thinking the strategy of what makes sense for the population in Mexico and Central America. Walmex is phenomenal business, great sales growth, great profitability, great returns, just a phenomenal business. India is going to be a business that we can continue to scale. I feel good about the markets that we're in today.

**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

And the converse, of taking what's working in the US and scaling it internationally, what's working internationally that you can now bring to the US?

**Brett M. Biggs**

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

A

Yeah, what we've done in the past and a lot of the grocery business and pick up business, you know, we were doing that in places like Asda before we were doing it in the US, and so there were certainly learnings. And people as well, a lot of people that have come from Asda to run some of our business.

So, I like that one of the first trips I ever took to Flipkart would have been, I don't know, four years ago and PhonePe, I started seeing some of the things they were doing around let's call it the broader definition of financial services. How do I make the customer's life easier? And I came back to Doug, I was like, you know, a lot of these things we've been thinking about, they're already doing it. They're doing it in India and they know how to scale it. And we've taken some learnings from India in how some of the things that we'll think about with our own joint venture.

**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

And the growth in India, it seems to be pretty unlimited, given the market opportunity there. Are there key unlocks that still need to be put in place in order to capitalize on this potential growth?

**Brett M. Biggs**

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

A

You know, we've built out fulfillment capacity. It's always one, how to get last mile delivery, but with what they do with Ekart and some other things, we've done there. I feel good about our ability to get product to the customer. Huge market as far as not just number of people, but the growing middle class, it's competitive, but we have competition in other parts of the world. And when you have a market growing like that, you're going to get competitors.

**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

Yeah.

**Brett M. Biggs**

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

A

And I think competitors make us better, will make us better there. But I think the growth there is still, it's just TBD, it's – it can be big.

**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

And pivoting the conversation, ESG has taken on a new relevance, a new priority across the business world. How is this...

**Brett M. Biggs**

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

A

What was that you said?

**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

ESG.

**Brett M. Biggs**

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

A

Oh, ESG.

**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

ESG. How has this impacted Walmart? It's – at the very least, it's been much more front and center in the market, in the messaging to external constituents. But how is Walmart practicing what it's preaching?

**Brett M. Biggs**

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

A

Yeah. I think for us, it's an advantage. We've been – this definition of ESG, we've been – it's been a part of our DNA for a long time and definitely back to 2005, when Lee Scott introduced sustainability. And we were one of the first ones – and nobody even knew what it was – in how we were going to make our operation more sustainable.

And we've gone from most of our store waste going to a landfill that now I think over 80% doesn't go to a landfill. We've got over 30% of our energy globally is renewable. We've come a long way.

So when this started coming up in the last couple of years, we were like, hey, if people are going to talk more about ESG, we were like that's great. We've been wanting to talk about it. We're a leader in this space. And the scale that we have, no one can do what we can do to – and it's not about I want to make you happy from an ESG disclosure perspective. It's what we can do for the planet and what we can do for our customers and what we can do for society. We've been way out ahead of this and it's one of the things I'm most proud about with Walmart.

**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

Is this something that's increasingly been part of the internal discussion and innate?

**Brett M. Biggs**

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

It has always has been. I mean, and particularly again, since 2005, when Lee started sustainability, it's – almost every discussion I can remember around merchandising or customer or our strategy, always had this element to it.

A

**Michael Lasser**

*Analyst, UBS Securities LLC*

Yeah.

Q

**Brett M. Biggs**

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

And it's been a great part of the business. We've saved our suppliers money. We've saved ourselves money. We saved our customers money. It's good business practice.

A

**Michael Lasser**

*Analyst, UBS Securities LLC*

No doubt. Sadly or maybe happily, depending on how you look at it, this is going to be one of your last times in front of a forum like this, all these lovely folks. What skill or trait do you think is important for your successor to have that you may not have?

Q

**Brett M. Biggs**

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

Oh. That's like, what's your greatest weakness question in an interview. I'm hoping I haven't left too much low-hanging fruit. It's a great question, though, and it's the right question.

A

And if you're Walmart or any company like this, you've got to be looking ahead five to 10 years and saying, what's the strategy? What do we need to be great at? And for us, it's an omnichannel business. It's increasingly digital. Those are the things you're going to look at and say, who's the best person to help us, to work with the rest of the team to guide us through that. I think it's always it's who's different, right. When Tom Schoewe was CFO 12 years ago, Charles Holley was different than Tom Schoewe. I'm different than Charles Holley. The next person will be different from me. And that's what you need. And I'm – I was kidding with Doug, I said, inherently, you're looking for someone better than me. I understand that, because that's what he should be doing.

**Michael Lasser**

*Analyst, UBS Securities LLC*

That's not easy to do.

Q

**Brett M. Biggs**

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

But that's what a company should be doing. It should be looking to get better and making sure that they take care of the future.

A

**Michael Lasser**

*Analyst, UBS Securities LLC*

Q

Yeah. And throughout this conversation, and the prior to this, you've mentioned several times that you feel Walmart is never been in a better position than it is in today. What makes you say that?

**Brett M. Biggs**

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

Yeah. I get questions when I say that, like, why are you leaving?

A

**Michael Lasser**

*Analyst, UBS Securities LLC*

Why are you leaving?

Q

**Brett M. Biggs**

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

It's – the company is in such great shape. And I – one, I think when you think about a transition, this is when you do a transition. You do it when the company is in great shape and the next person that comes in can work into it. That's what you want. I've just – I've never seen a time and I've gone back through – I'm actually doing – we have an offsite in another month. And I'm going back through – I'm one of the old guys at Walmart now, so I'm going back through some of the history of the company and explaining it to – how we got to where we got to, to people that are newer to the company.

A

And as I'm going back through that, you see these inflection points, like when we started the Supercenters. Not everybody thought that was the greatest thing we'd ever done, and it turned out to be the greatest retail format in the history of the world. But I sit back now and I think, think we're in that moment again. You rarely see it when you're in it, though I think we're in it, which is we've got a great base business, incredibly good, globally. And then we have all these other places where we can touch customers' lives without going too far outside the retail circle, but touch their lives, fulfill our mission of save people money so they can live better. Fulfill the mission, do it in a way that makes sense for our culture. Do it profitably and help grow the business.

And it's not just one thing. It's not like, here's the one thing we got to do. And if it works, that's great. And if it doesn't, that's not good. There's all different kinds of ways that we can make it work. And I feel like there's more opportunity now than I've ever seen.

**Michael Lasser**

*Analyst, UBS Securities LLC*

And is Walmart's culture...

Q

**Brett M. Biggs**

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

Revenue growth, profit growth, opportunities for associates to grow their careers, ESG, I think all of those things, there's just more opportunity than I've ever seen.

A

**Michael Lasser**

*Analyst, UBS Securities LLC*

And is Walmart's culture at the point where it will enable some of these opportunities?

Q



**Brett M. Biggs**

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

A

Yeah. I love the culture. It's – there's so many things about it that feel like 22 years ago, when I came in. We're still very cost conscious. And when I think about our four core beliefs, they're all still the same. It's a very respectful place, but we're competitive. We want to win, but I think we do it in the right way.

I have been blessed to be in this company and be in this job. I don't lose sleep at night because of the kind of company we are. I know we're going to – we don't always do things the right way because you can't be perfect, but we try, we really try to do things the right way. And I've been blessed by that.

But the culture has evolved, though, in a way that it's more relevant. I think for people who are coming in, coming in new to the company and more tech-focused. It's quicker. It's more agile. I'm still – I'm not surprised, but I'm still amazed how quickly we can move the size company we are. So all the good parts of the Walmart culture are still there, but it keeps evolving in a way. I think Doug's done an amazing job in evolving the culture in the last seven years, eight years, that, yeah, I wouldn't bet against us.

**Michael Lasser**

*Analyst, UBS Securities LLC*

Well, congratulations. And we wish you much luck in your next phase.

**Brett M. Biggs**

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

Thank you. Thank you very much.

**Michael Lasser**

*Analyst, UBS Securities LLC*

So please join me in thanking Brett Biggs.

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