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Walmart, Inc. (WMT)

Raymond James Institutional Investors Conference

CORPORATE PARTICIPANTS

Brett M. Biggs

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

OTHER PARTICIPANTS

Bobby Griffin

Analyst, Raymond James & Associates, Inc.

MANAGEMENT DISCUSSION SECTION

Bobby Griffin

Analyst, Raymond James & Associates, Inc.

Good morning, everybody. Thank you for being here. I'm Bobby Griffin one of the consumer analyst at Raymond James. And this morning we are very pleased to introduce Brett Biggs, Executive Vice President and Chief Financial Officer of Walmart. Also, I want to introduce the rest of team that's in attendance; we have Chris Nicholas, CFO of Walmart International; Steve Schmitt, CFO of US eCommerce; Dan Binder, Vice President of Investor Relations, and Kary Brunner, Senior Director of Investor Relations.

Before we get started, I would just quickly remind investors that they can find Walmart's full Safe Harbor statement on the Investor Relations website. And with that, we'll go ahead and begin. So first, Brett, thank you for your attendance...

Brett M. Biggs

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

Thank you.

Bobby Griffin

Analyst, Raymond James & Associates, Inc.

...and your long support in the conference. We very much appreciate it.

Brett M. Biggs

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

It's good to come somewhere warm. Always good timing.

QUESTION AND ANSWER SECTION

Bobby Griffin

Analyst, Raymond James & Associates, Inc.

Q

Yeah. So maybe first, from an outside perspective, it's been one of most notable changes over the last three years has been the speed at which Walmart is operating right now. The company is clearly playing offense today across multiple categories and geography. So can you maybe expand upon some of the changes that took place in organizations that enable that, and how to maintain the Walmart culture and balance with the speed that's going on?

Brett M. Biggs

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

A

Yeah, man and good morning, everybody. Thanks for your interest in Walmart. As the customer continues to evolve and you look at the evolution over the last 10 years, last 5 years, last 3 years as a company really you don't have a choice but to change and evolve with that. And Walmart's been good at that. You look over the years we've led in that, we went into groceries, we went into supercenter, we went in the international, but we've always, I think, been pretty much on the front foot of what's going on.

When it came to eCommerce, to be candid, we said this we were a little slow to react to eCommerce and what needed to happen. But as we've evolved, particularly over the last five years, I've been with the company 20 years, the ability now to take the assets that we have, which are so valuable around the world, the stores that we have, almost 12,000 stores globally and combine that with what is now a really large eCommerce business, we think it's a winning formula, and being able to combine that and really be the omni-channel choice for customers is what we want to do.

So it's taken a lot of different things, it's taken a structuring differently and you see us bringing together even more the stores business and the eCommerce business with announcements we've made over the last weeks and years. We're bringing those together more, but it's taken a change – not a changing culture, but a change in how we approach the customer to get us to play more offense. But it feels good to play offense and that's as you said that's what we're doing.

Bobby Griffin

Analyst, Raymond James & Associates, Inc.

Q

So it's maybe pivot a little bit to the current environment in 2020, a lot of news going on. So if you could maybe touch on what you're seeing around inflation, commodity costs, transportation, and then maybe the food business? And then you know, lastly, just touch on the health of the US consumer, you guys just recently reported your holiday quarter. [ph] Just go on (2:56) some of that.

Brett M. Biggs

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

A

Yeah, so I'll start with your questions on inflation and deflation. We haven't seen a lot in that area, you have certain categories that inflate and deflate over various periods of time but in whole, not a lot, and some of that is due to us in the investments that we've made in pricing over the last several years, we've really been a force of not having, I think, inflation in the economy because of the things that we've done. Certainly, I'm looking at reading the same things as you are and with Coronavirus and certainly, we're concerned about associates and

customers and making sure we're doing the right thing there. When you look at kind of the underlying economy, it still feels good to us and we said that a couple of weeks ago at our Analyst Meeting, inflation's low, interest rates are very low, wages are good, fuel prices are low, so all of that portends to being having a pretty good economy, particularly here in the US, and so I think overall the consumer feels pretty good.

Bobby Griffin

Analyst, Raymond James & Associates, Inc.

Q

Yeah. So not surprising there's a lot of focus on from investors on online grocery pickup, its contribution to eCommerce, so understand [ph] you probably won't (4:05) put pure numbers around it, but how does the penetration of online grocery pickup looking at second and third year, what do you see out of those stores as a comps to comp?

Brett M. Biggs

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

A

Yeah. You're right that we won't put numbers out there. So good call on that one. As we have stores now into the third year, [ph] I'm trying to – almost (4:24) fourth year now on the very early stores they went into online grocery, we still like what we see, when you have an evolution of a growth curve that you typically see with anything new, but those stores that continue to do really well, there's a reason we rolled it out to well over 3,000 stores. And we'll continue to roll that out some this year. But the customer loves it. It's one of those things I was going back to even and looking at notes of things we talked about four years ago, we really weren't talking about online grocery at all. This has gone from something we really weren't doing to something that's a fairly sizable part of our business today. So we'll continue to lean into online grocery, we like what we see and the customer loves it.

Bobby Griffin

Analyst, Raymond James & Associates, Inc.

Q

What do you see from the store went on in – the stores still get the lift, as the region get the lift, is it a different basket size, maybe also pivot a little when deliveries is kind of more new than the pickup, so what type of lift when deliveries added to it?

Brett M. Biggs

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

A

Yeah, it gets a little tougher to read as you get into second, third year and we also have so many new initiatives going on in the stores, it is a little bit challenging to read. We're getting more and more items into the basket and that'll be important over the next year or two years as we get more and more general merchandise into the basket. The basket overall is more than 2 times what we see in the store. So people do stock up when they do this. But as we continue to get more general merchandise products into the basket, we'll continue to do that. The margin mix is better in that basket and we've talked about a couple of weeks ago at our Analyst Meeting, the merger of our blue app, or think about our walmart.com app and our orange app, the grocery app pulling those together, as we will this year, will also help the customer I think, think about this in a little bit different way, make it a little easier for them.

Bobby Griffin

Analyst, Raymond James & Associates, Inc.

Q

Yeah. So maybe since we're on eCommerce, from a high-level standpoint, you talked about some of the main drivers improve the profitability of the business, you guys have done a great job of growing the top line and you're starting to make progress in the gross margin, leveraging in your expenses. So maybe talk about some of the big buckets that could move the needle there?

Brett M. Biggs

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

A

Yeah. It's really everything we've been talking about for the last couple of years that we needed to see take place to be able to have the losses as we said they would this next year level out or even be down a little bit. So sales line has been good, we've had really nice growth 35%, 37% last year 35% last quarter so really good growth there. And if you kind of work your way down the P&L from a gross margin perspective, which is really important, and think about contribution margin, which is the most important thing to some degree in eCommerce, we brought different brands online, we've added thousands of brands over the last couple of years that helps with the margin mix we're having, we have a better business in apparel and home than we had a couple of years ago.

So we have really good and ahead of the assortment consumables and food and other things like that. So when you drive the traffic with that and you can get customers into buy home and apparel, you mix up the basket differently and that helps a lot with the margin mix and eventually with contribution margin, variable cost per order from a fulfillment standpoint, it's getting better. We're starting to leverage fixed expenses better than we did a couple of years ago that comes with growth. So when you take all of that the ability to have fewer losses in that business is happening and it's happening for all the reasons that we thought it would.

Bobby Griffin

Analyst, Raymond James & Associates, Inc.

Q

How does advertising revenue and maybe the mix of 1P and 3P play into one of those the drivers?

Brett M. Biggs

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

A

Yeah. So, the vast majority of our business has been 1P. Marketplace is a growing part of our business and what we've announced with Walmart Fulfillment Services, you'll see 3P become a bigger part of our business. It's important to the customer to have those tail categories out there and over time, we'll find out what the right balance of 1P, 3P, we'll see what the customer wants and we'll be flexible with that.

There'll be ways that will drive revenue differently. As you mentioned advertising revenue will be one of those things and it's another one where we want to find the balance of driving revenue, but ensuring that the customer experience is good. We want to make sure when they come to our site that they feel like the items that we're recommending for them are the items that should be given to them. And so that's important. And but we want to find, we don't want the site being cluttered, we don't want the experience being cluttered, we want to ensure that that we're doing the right thing for the customer and it's like most things it's a balance.

Bobby Griffin

Analyst, Raymond James & Associates, Inc.

Q

So you mentioned Walmart Fulfillment Services brand new. We've got a strobe light action.

Brett M. Biggs

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

A

Yeah. I admit, that's a good thing.

[indiscernible] (9:04)

Brett M. Biggs

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

It's a little distracting, but I'm trying to work through it.

[indiscernible] (9:08)

A

Brett M. Biggs

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

I didn't know if there was something new at your conference

[indiscernible] (9:14)

A

Brett M. Biggs

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

...music coming on in a second, you know, [indiscernible] (9:16), you know, things are all changing. Yeah.

A

Bobby Griffin

Analyst, Raymond James & Associates, Inc.

Yeah. But you mentioned of Walmart Fulfillment Services, maybe talk about that development kind of what spurred that? And how that's help build the 3P business and...

Q

Brett M. Biggs

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

Yeah just, I mean it's...

A

Bobby Griffin

Analyst, Raymond James & Associates, Inc.

What those offerings were before?

Q

Brett M. Biggs

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

Yeah. It's a new way to serve, you know another type of customer and, in fact, the sellers that sell in our marketplace. And so the ability to give them things that are helpful to them. Logistics is something that's been the backbone of our company for so long. We know how to move product. And so it's a pretty natural outgrowth of what we do as a company and if we can make it easier for sellers and give them an option and a different place to come, we want to be that option. We know they're looking for options and we think we can be there for them.

A

Bobby Griffin

Analyst, Raymond James & Associates, Inc.

So one of the themes from the recent Investor Day was innovation or continued innovation, it seems like a big innovation around the Walmart app, combining the two apps. So maybe can we talk about what's happening there? How that will – how the customers will see that transition between the regular Walmart app and grocery and the timeframe for that to happen this year.

Q

Brett M. Biggs

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

A

Yeah. We said it will be this year. We haven't gotten more specific than that. But again, just how do you make it simpler for customers, having them come in one door, come in another door. We prefer to have them coming in one door, so for a while you'll still have those two doors, but it will lead to one door. But we don't want that one door for them to come in because we think we can help them – help them shop differently. We'll be able to mix up the basket I think differently than we're seeing today. So there will be benefits to us to the company and to US shareholders, but also more importantly to the customer and just again making it simpler, everybody today were just busy they are, they just need simplicity and we're trying to make sure that we're doing that better than we used to.

Bobby Griffin

Analyst, Raymond James & Associates, Inc.

Q

And it will be a slow roll out into different regions, or the two apps will be [ph] one (11:10) the other for a while, how the consumer see it on their phone?

Brett M. Biggs

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

A

It will come together pretty much at the same time for everybody. But there'll be some rollout that I'll just probably not get into right now.

Bobby Griffin

Analyst, Raymond James & Associates, Inc.

Q

It works.

Brett M. Biggs

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

A

Okay.

Bobby Griffin

Analyst, Raymond James & Associates, Inc.

Q

And we appreciate it. So recently there's been a lot of commentary and news about combining the buying teams and online and moving online closer with the stores. But there's actually been a lot of work done over the last couple of years so, maybe before we dive into the recent news, maybe take us back, talk about some of the integration is taking place already. The benefit you're getting from that integration and some details around that?

Brett M. Biggs

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

A

eCommerce group was kept fairly separately, fairly separate for quite a while and the reason was to allow it to grow. We needed that business to grow. When you have a big business but it's inside of a really, really big business, the tendency is for the really big business to not give enough attention to the growing business and we want to make sure that didn't happen and I think that that didn't happen.

But now that we've gotten as large as we have, it makes sense to start bringing some of these things together and we've done it where it makes sense to do so. Small things that happen, we brought together our finance group even just recently with the stores and eCommerce. So you've had some backend things going on. How we –

customer services and some of the things were starting to come together wouldn't have been as visible to the customer, logistic supply chain was the next one that happened last year.

And I think the benefits of that are important. And it's the real benefit comes from all of us working together to solve the customer problem, not how do I get products from the DC to the store, the DC to the home? It's how do I get it to the customer? And having one group focused on that I can see the difference as we have meetings about supply chains or things, I can see the difference in how we're thinking about things. Over time can you have a supply chain that is power-driven because that's what's going to be to the stores for forever, stores and clubs? And then [ph] each has (13:17) distribution system, which is different, but are there ways to get synergies out of that will be the only ones candidly I think that we'll be able to do that, because we're the only ones that really have the scale of brick-and-mortar and eCommerce to bring that together.

The merchandising announcements recently, there's been some of that going on a little bit behind the scenes as we've had some categories coming together. But I think that's a statement to the company now and to our customer and our shareholders that we are bringing this together in a way that makes sense, we're going to do it thoughtfully, there's some categories will be more quickly than others. But this is where the company is going and the structure many times follows the strategy and I think that's the path we've taken.

Bobby Griffin

Analyst, Raymond James & Associates, Inc.

Q

Is the right way to think about it that you know, on the core items that are offered both online and the store, you have one buying team and then maybe on the long tail items that are only online, you still have some unique eCommerce buying teams?

Brett M. Biggs

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

A

Yeah. We'll still have that for I think a long time that there'll be some categories that you won't buy and scale or that are 3P and you're helping sellers do that. So yeah, I think for sure that will happen.

Bobby Griffin

Analyst, Raymond James & Associates, Inc.

Q

So maybe let's pivot to the International segment and over the last few years Walmart's International strategies is really evolved. I mean today there are certainly select countries you want to be in, win in, have a big presence in...

Brett M. Biggs

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

A

Yeah.

Bobby Griffin

Analyst, Raymond James & Associates, Inc.

Q

...there's some that you've taken steps to maybe reduce your presence, so maybe can we talk a little bit about what the International strategy is today, some of the current initiatives around it and how you view the world and decide which markets you want to be in to win?

Brett M. Biggs

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

A

Yeah. Within International segment and it's a big business, we talked about a couple of weeks ago that it's fifth largest retailer in the world. We have a business in Walmex in Mexico, there's a market cap that's roughly similar to Target. People just forget about the scale of the business, but I think it's a benefit to look at it as a segment because we do take things and we have learnings from around the world that we use within that segment, but you really have to look at a country-by-country. And when you look at the businesses we have, it is some incredible businesses. Walmex is an incredible business, Canada has been very successful as has been successful over the years. So I'm losing microphone just a little bit there.

So that all that's been I think well-documented, we've talked about that. And then there's smaller markets, though where we've had really good business, but they're just smaller markets, but we're going to continue to lean into Walmex, which includes Central America, where we continue to lean into Canada, China has been a great business for us, particularly Sam's Club, really good eCommerce growth in China. And we made a big bet a couple of years ago in India with Flipkart and PhonePe, but we really liked what we're seeing in that business. I was over there just a few weeks ago and really talented team, really thoughtful planning processes. They're very focused on top line but at cash flow as well, just really entrepreneurial, love the team that we have over Flipkart and PhonePe.

And then where it doesn't make sense for us to be long-term you've seen us take some actions. We've sold our banking assets in Chile and Canada. We sold off most of our Brazilian business and so we've made decisions and as a company we're going to continue to make decisions, we're going to lean in, in places that you've been talking to me about online grocery and India and China and Walmex. And there's times we're going to need to lean out of things. And I think we'll make those decisions more quickly than we used to and in a more disciplined way than we used to.

Bobby Griffin

Analyst, Raymond James & Associates, Inc.

Q

Flipkart, obviously, a big bet, we were talking about a little bit earlier, but how the team really has the top line focus but also the cash flow focus, the cost focus that really is kind of what you see at the core home offices [ph] as well. Just (16:59) maybe highlight a little how the culture is kind of similar in ways around that?

Brett M. Biggs

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

A

Yeah. I've been to Flipkart several times, like I was just there a few weeks ago and sometimes as the CFO you don't know if you're maybe the one getting the cash flow discussion and maybe no one else is. And that happens sometimes but as I've talked to other people that have gone there, you can tell it's just – it's part of how they think and they really do think top line and bottom line, which is why despite the growth, we talked about, the losses we'll have there this year will be similar to what we saw last year, there's a good discipline, but there's a great entrepreneurial spirit there, very young company, young culture, they're aggressive. But as you walk through their strategy and I spent really a whole day with their different teams walking through the strategies, it's just very, very thoughtful, it's aggressive, but it's – we've got to make sure we do this in a smart way. The way that we think about compliance is the way they think about compliance. And I really, really couldn't be happier with the team that we have there.

And there's certainly things we're going to learn from them. And as I sat with the team for instance from PhonePe and what they're doing in India with financial services and other things, there's a lot of things that we can learn from them and not just in financial services, but how they think about the customer is really holistic and they move with pace, which we need as a company as well.

Bobby Griffin*Analyst, Raymond James & Associates, Inc.*

Q

Yeah. So maybe we already just pivot a little bit to Sam's Club, a lot of changes have happened in Sam's Club over the last two years around the brands, technology. So maybe talk about where is Sam's is today kind of in that evolution and some of the big changes have gotten traffic moving in the right direction, membership moving in the right direction. And then secondly, are we at the point where maybe we could see Sam's Club unit start to grow again?

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

A

Yeah. Sam's has been a real, real success story, really over the – you know my entire career I spent three years at Sam's. Doug has spent time at Sam's is one of the best parts of our business. I loved my time there. And they've been a real leader in technology for us as a company and so what they've done was scan and go and with some of things they've done around membership, they're solving customer problems, they're taking processes that used to take members 10 minutes and now take 30 seconds. They've done a great job with that. And John Furner was a big part of that [ph] at the Sam's Club came around in the US (19:24) and now Kath is doing a really nice job there.

As far as units, I think we feel good about the units that we have in place today. It's not to say we wouldn't more open Sam's Clubs at some point or it's to not say we wouldn't open more supercenters as well, but we're not opening as many stores as we were as we're just serving customers in a different way. So I think we feel pretty good about the unit count today, and wouldn't anticipate that changing materially over time.

Bobby Griffin*Analyst, Raymond James & Associates, Inc.*

Q

Okay. So one of our favorite topics, I know yours is the productivity loop and SG&A leverage, we've talked about it almost every time we get together. So maybe can you talk about where we...

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

A

I started smiling when you asked that question. I like that, I like the productivity loop.

[indiscernible] (20:00)

Bobby Griffin*Analyst, Raymond James & Associates, Inc.*

Q

So can we talk about where the company is today in the Walmart productivity loop? And then when we all got together a few years ago, and talked about kind of your expectations so as the second part talk about maybe where it was better than some expectations, still got some work to do?

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

A

Yeah. I'm proud of what we've done around SG&A and I'm proud of how we've done it. So if you look at what we are now versus three years ago, I mean we've taken 60 basis points or 70 basis points out of SG&A, comp sales help a lot in that equation. So I'm really pleased with the comp sales that we've had and that's helped a lot. But we've made nice progress on expenses.

Yeah. I may go to handheld, this keeps going out. I'm going to turn this off and then I'm going to go to the handheld.

Has that worked? All right, sorry to everybody on the webcast for that rattling around, but I think this will work better. What I'm most pleased about is that we never lost the cost culture that people say you lost the cost culture, we didn't – we – expenses went up for a lot of good reasons, but it wasn't as strong as it needed to be and today, as we have meetings as I go around the world. I feel that cost culture again, but I feel in a different way. We were always – go back to the history, we're always pretty good at cutting expenses. And anybody can do that and you can say, you know, Bobbie you take 10% out, Kary you take 10% out, and it's fairly easy to do that, but it's really short term and those costs tend to come back.

The way that we're managing expenses today through innovation, technology changes and processes thinking about doing business differently. I feel good about the sustainability of what we've seen and that's why – assume we get comp sales where we guided to, getting that 20 basis points of leverage each year feels like something that we can do.

And when you look at the business next year, if we hit our numbers would be like 20.6% roughly SG&A versus where we were at almost 21.5% when we peaked, that's a massive difference on a \$500 billion business and it allows us to be as aggressive as we feel like we need to be from a gross margin perspective and we can keep operating margins near where they're at today. It creates a much different set of options for the company, much different levers that we can pull versus our competitors and it just sets us up differently. If we keep this progress growing and we get to 20%, less than 20%, this is just a really different business that we can run, and particularly if we're doing things in a way that makes us sustainable and I think we can.

Bobby Griffin

Analyst, Raymond James & Associates, Inc.

Q

And from a competitive standpoint it puts a lot of pressure, gives you the great pricing – ability to price.

Brett M. Biggs

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

A

It does and it's given us the ability over the last several years to invest in things that we needed to invest in whether it's eCommerce or technology or price or wages for associates. It's just given us so many options that would have been tougher had we not done that.

Bobby Griffin

Analyst, Raymond James & Associates, Inc.

Q

Maybe just pivot to Walmart Health, obviously very still early on, recent couple of units, but maybe if we could talk about what the thinking was around that, what the kind of goal would be to bring the services to the consumer and kind of the broad high-level type view of that right now?

Brett M. Biggs

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

A

Yeah. I got a chance to go to our facility in Dallas, Georgia, which is a little bit Northwest of Atlanta, three or four weeks ago and I was really impressed with what I saw, it was it was fun, I mean going in – well again, somebody has been with the company 20 years to see us do something that's – it's very tangential to what we do but it's

...serving customers in a really different way and when I think about the mission to Save Money, Live Better that really encompasses to save money, live better.

And there's things like healthcare where our scale, we can make a difference. There's – when I go to the clinic and I visit with customers or patients with staff or the doctor and they're excited about what this is, they're excited by the way that patients customers are responding to this because you can go in and get a teeth cleaning for a really good price and you don't have to wait and people maybe that weren't getting that done because they didn't have insurance. That's cool to be able to do that as a company. We're not going to roll out a 1,000 of them like I saw in Dallas, Georgia, still a little expensive and there's things that we need to work on from a business model standpoint. But we'll have a few more on the ground as the year goes along and we're going to learn a ton. But I'm really excited about what that can mean for customers and I think we're one of the very few companies that can help.

Bobby Griffin

Analyst, Raymond James & Associates, Inc.



What type of response and kind of commentary early on are you getting from the providers, the nurses, the doctors, the dentists and...?

Brett M. Biggs

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



Yeah. The doctor I visited with in Dallas, you could tell loved it. He gets to treat patients and spend more time with patients, not spend as much time doing paperwork and other things that doctors don't want to do, I mean most doctor become doctors to help people and heal people and you could tell that he was excited about that and so it was fun to see how he responded in this case to what we are doing.

Bobby Griffin

Analyst, Raymond James & Associates, Inc.



I think we've about 2 minutes left, so we'll end on ESG. And some big focus becoming in a bigger focus, but some of that just don't – might not realize the work Walmart's already done around ESG and kind of the ongoing push. So maybe highlight some of the initiatives, some of the progress the company has made and we can wrap up with that?

Brett M. Biggs

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



Yeah. We really had on ESG and go back to when Lee Scott really kicked in sustainability in 2005 as a company, we were challenged reputationally in a lot of different ways and this was a way for us to change in some ways that people thought about us. Now with what's going on with climate change and again the scale that we have, what we've been able to do is fantastic. You look at Project Gigaton which is a project to take a billion metric tons – have to remember every time – a billion metric tons of greenhouse gas emissions out of the environment and suppliers are really on board with us and helping us do this.

The fact that almost 30% of our energy now globally is sustainable energy, renewable energy, which is pretty amazing given our scale, the fact that in the US, 80% of what we produce is waste doesn't go to a landfill anymore and that continues to grow is pretty amazing. So I am excited about the things that we're doing. I think we've only gotten started and the great thing is in almost every case, it's good for business. We help the environment. We save money, we save the customer money, it's a win-win-win. And so I'm really proud of what we're doing and I think it our customers and our associates feel good about what we're doing as well.

Bobby Griffin

Analyst, Raymond James & Associates, Inc.

Great. Well, I think we're right on time. Once again, I appreciate you being there.

Brett M. Biggs

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

Yeah. Thanks Bobby. I appreciate it.

Bobby Griffin

Analyst, Raymond James & Associates, Inc.

Yeah. I am pleased. We'll move to the breakout.

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