Walmart Inc. (NYSE: WMT)

Third Quarter Fiscal Year 2020 Earnings

November 14, 2019

Dan Binder: VP, Investor Relations, Walmart Inc.

The management commentary below contains statements that Walmart believes are "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, as amended, and that are intended to enjoy the protection of the safe harbor for forward-looking information provided by that Act. Please review our accompanying presentation for a cautionary statement regarding forward looking statements made below.

As a reminder, our earnings materials include the press release, management commentary and accompanying slide presentation - which are intended to be used together. All of this information, along with our store counts, square footage and other materials are available on the investors' portion of our corporate website – stock.walmart.com.

For our U.S. comp sales reporting in fiscal 2020, we utilize a 53-week calendar. Our Q3 reporting period ran from Saturday, July 27, 2019 through Friday, October 25, 2019.

We recognize that our retail comp reporting calendar for Walmart U.S. and Sam's Club is different than other retailers. Our comp sales week begins on Saturday and ends on Friday. As a reminder, this fiscal year, we utilized a 53-week reporting calendar, with 4-5-5 reporting for Q4. Therefore, week 53 of this fiscal year will be compared to week one of the same current fiscal year 2020. Our fiscal 2020 Q4 reporting period began on October 26 and runs through January 31, 2020. This compares to the 14-week period last year from October 27, 2018 through February 1, 2019.

Before we get started, I'd like to remind you that we will report our fourth quarter earnings and host our Investment Community Meeting in New York on Tuesday, February 18, 2020. In addition, we have posted our fiscal year 2021 earnings release dates on our IR website.

Doug McMillon: President & CEO, Walmart Inc

I want to begin by thanking our associates around the world for delivering another strong quarter. They're responding to a changing environment in an inspiring way and we're proud of them.

During Q3, net sales increased 3.3 percent in constant currency, we leveraged operating expenses and grew EPS. Comp sales were strong in the U.S., helped by 41 percent growth in eCommerce. We also saw strength in Sam's Club and in most of our international markets. The sales environment in the U.S. continues to be positive, while internationally its softer and we're responding appropriately.

Our work to create a seamless omnichannel experience for customers continues. They want us to save them time as well as money. You can measure our progress in a number of areas including online grocery where we now offer pickup, delivery, or both in nearly a dozen countries including the U.S. where we now have more than 3,000 locations for pick up and more than 1,400 locations that offer delivery. We're learning a lot as we expand these services. We'll use this knowledge to inform the new capabilities we build and deepen our relationship with customers.

In today's earnings release, we've detailed some of the company's accomplishments from the third quarter and a few of the things that stand out to me include:

- The announced roll out of Delivery Unlimited – a grocery delivery membership option to 1,400 stores in the U.S.
- The launch of our InHome *Delivery* service in Kansas City, Pittsburgh and Vero Beach enabling members to come home to a fully stocked fridge

- The opening of our first-ever Walmart Health center in Dallas, Ga, which I found very encouraging on a recent visit, and
- Flipkart's record sales during The Big Billion Days sales event

For the fifth consecutive year, Walmart is included in Fortune's 'Change the World List', and we received the 2019 SmartWay Excellence Award, the EPA's highest recognition for demonstrated leadership for outstanding environmental performance.

In the Health and Wellness space, we recently hosted a 'Walmart Wellness Day' where individuals could access free health services and resources including information on better heart health. We also expanded Live Better U's college for $1 per day program to include new health degrees. I'm delighted to see the change we can make in customers' and associates' lives and the communities they live in.

We like to tackle problems and our goal is to help improve the systems on which the world's commerce runs. It has become our experience that we can create shared value for customers, associates, shareholders, communities and suppliers by thinking holistically. To do this, we'll execute the unique strategy we've defined, and we'll remain nimble, so we can adjust as needed.

Before I get to our business results, let me take a minute to pass on a huge thank you to Greg Foran for his incredible service to our associates and customers during a successful five-year run as head of Walmart U.S. His judgment, hard work and leadership created a better store experience for customers and positive comp sales in each quarter under his leadership. With Greg's departure, we are excited to have John Furner take the reins as the new leader for Walmart U.S. I'm confident John will continue the momentum the team has established. The diverse roles he's held in the company for more than 25 years has given him the experience and judgement to know what we should continue doing and what we should change as he leads this business into the future.

Let's turn to segment operating results for the quarter. I'll begin with Walmart U.S.

We continue to see good traffic in our stores. We're growing market share in key food and consumables categories, including fresh, and we had positive comps in general merchandise. Comp sales growth of 3.2 percent, along with good expense management, helped us leverage SG&A, particularly in physical stores, even as we made investments in price. This led to growth in operating income for the sixth consecutive quarter. On a two-year stack, comp sales of 6.6 percent are among the best we've seen in a number of years.

In eCommerce, our topline performance was strong with growth of 41 percent. Gross margins improved versus last year through improvements in merchandising mix, we leveraged operating expenses, lowered variable costs per unit, and the CVI – our Customer Value Index – score is ahead of where we planned it for the full year.

We're making progress on many fronts, but we need to do more and move faster, especially with our assortment including marketplace. I continue to challenge the team to drive a deeper, more sustainable relationship with the customer, better execute the fundamentals, and improve the overall economics of the business. Our strength is being driven by food, which is good, but we need even more progress on Walmart.com with general merchandise. We're mixing the business out better to achieve better margin rates, but there is more work to do. We're committed to progress and building a larger, healthier eCommerce business. Our customers want that, our marketplace sellers want that, and so do we. Grocery pickup and delivery, along with new offerings like Unlimited Delivery and InHome *Delivery,* will help us unlock advantages we have to serve customers in a way that reduces friction and enhances convenience. We need to translate this repetitive food and consumable volume into a stronger Walmart.com business that's profitable over time, so that's what we're working on.

Near the end of the quarter, we kicked off the holidays in the U.S. with an integrated plan in stores and online. On Walmart.com, customers could find great prices on top items, including electronics, gaming, toys and home. In stores, we've expanded 'Check Out with Me' and the 'DotCom

Store’ to all supercenters. Customers who want to avoid long checkout lines at the front or ask an associate to help them find a missing store item online will love the convenience we’re offering.

I’m also excited about the grand opening of our new Walmart Health center in Dallas, Georgia where we’re taking an innovative approach to providing basic healthcare services. By partnering with local providers, we’re delivering quality, affordable and accessible healthcare for members of the local community. With low, transparent pricing we offer services ranging from primary care to labs to dental – all in one facility. I’m pleased with what we’re seeing so far at this first location. We’re opening a second location soon, and I know we’ll continue to learn as we open several more and design the ideal model to provide customers with better and unique solutions for their everyday healthcare needs.

At Sam’s Club, the team drove strong comp sales of 4.1 percent, excluding fuel and tobacco, reflecting the response by members to the improvements we’ve made in merchandising as well as the work we’re doing to run a simpler, more focused club model. Fresh continues to be an area of strength. We’ve made improvements to the value prop in fresh at nearly half of our clubs, and we’ll continue to rollout that program. We’re also doing well with private brands, where we’ve enjoyed benefits from great product and a single brand – Members Mark. The technology we’re providing our associates like the Ask Sam app helps them do their job more efficiently, which means they’re happier and more productive. Members are noticing too. In fact, overall membership count, renewal rates and Plus renewal rates all improved for Q3.

At Walmart International, seven of 10 markets posted positive comps. Net sales increased 4.8 percent in constant currency and we leveraged operating expenses, excluding an impairment charge. Our results also reflect challenging conditions in many of our markets. In the U.K., concerns over Brexit continue to negatively affect customer spending patterns. Our business in Chile has been seriously affected by civil unrest. The safety of our associates and their families along with our customers is top of mind there. We experienced a large number of store closures in October as a result of the recent events and many remain closed at this time.

Despite these broader issues, we're executing our strategy and delivering omnichannel solutions to customers across the portfolio. For example:

- In Mexico, eCommerce sales increased 65 percent for the period. We offer same-day delivery of grocery, consumables and thousands of general merchandise items. Additionally, we've extended the marketplace assortment, increased the number of store kiosks for online shopping and launched same-day pick up from all Sam's Club locations. Speed is important, and the two new FCs we've opened this year will help us get orders to customers even faster.
- Walmart China's nearly triple-digit eCommerce growth reflects the continued expansion of Walmart Daojia and JD Daojia, as well as eCommerce depots for Sam's Club.
- The team in Canada continues to expand its omnichannel presence with the launch of grocery pickup and delivery in Montreal and one new pickup point through Penguin PickUp in Toronto. Customers enjoy the convenient, one-stop pick up locations for online purchases that Penguin has developed.
- And, double-digit growth in Asda's online grocery business is roughly 2x the growth of the overall market.

We like the momentum we see in parts of the business. We're excited about what's happening at Flipkart and PhonePe. Beyond just our current results, the Indian market represents a significant opportunity for growth, and our team of innovators brings local expertise to a market where understanding the flow of every day life can help us provide products and services that remove friction from the lives of our customers. The Big Billion Days sale was a success again this year, powered by shoppers and sellers from Tier 2 cities and beyond with nearly 75 percent growth in new customers versus last year. We also continue to see tremendous growth with PhonePe. The company is acquiring more than three million new customers per month. With over 55 million monthly active users, we're quickly looking for ways to monetize the customer base, including an offering of financial services.

At Walmex, the team is doing a good job of navigating a challenging macro environment. In Mexico, we saw growth across all regions and formats. Comp sales grew ahead of the market, as measured by ANTAD, led by food and consumables. We're well positioned in this important market, and we'll continue to execute our plan and be the most customer-centric, trusted retailer we can be.

In China, strong topline sales growth was driven by the performance at Sam's Club and omnichannel initiatives. Growth across these channels negatively affected gross profit rate through mix, but we were able to grow operating income with good SG&A leverage. I'm also encouraged by the comp trends we see in the supercenter format.

Trends in Canada for Q3 were about the same as in the first half of the year. We're doing well in weekly shop categories like food and consumables, but we need to do more to improve sales of general merchandise and apparel. The new team has made this a priority, along with leveraging our footprint to expand pickup and delivery options.

In the U.K., comp sales declined 50 basis points during the quarter but improved sequentially compared with the Easter-adjusted comp from the second quarter. Online grocery sales continue to be strong with growth ahead of the market according to Kantar.

I recently had conversations with investors and got to listen to what's on their minds. We thank them for their insightful questions and support as we execute the transformation plan that began over four years ago. We believe there is a bright future ahead for our company and remain excited about the significant change underway that includes so much innovation. We'll deliver that without changing the purpose and values of this company, which make it so special to us.

At Walmart, our people make a difference in the lives of our customers every day. They're all part of the same community. I'm so inspired to be with the wonderful community of Cielo Vista, in the El Paso market, today as we're officially reopening the store where tragedy struck on August 3 of this year. We're coming together as a family to continue serving customers in this market just as we have for more than 20 years.

As I wrap up my remarks, and as we enter the important holiday season, I want to say how much I appreciate the work our associates do. During this special time of year, we have an opportunity to make shopping even more enjoyable for busy families, and we'll accomplish that with our integrated plans with stores and eCommerce – one customer, one interaction at a time. From all of us at Walmart, we wish you a wonderful Thanksgiving, Merry Christmas, and Happy Holidays!

Brett Biggs: EVP & CFO, Walmart Inc.

We delivered another strong quarter of financial results while continuing to make great strides in transforming the business to serve customers more seamlessly in a rapidly changing retail landscape. In the third quarter, we continued to see good momentum with solid sales growth and I'm particularly pleased that we grew adjusted operating income versus last year. The underlying business is growing and is very healthy.

We have seen tremendous innovation in the business in recent years and it is allowing us to strengthen competitive advantages and drive market share gains across many categories, according to Nielsen and The NPD Group. We're creating and launching new products and services for customers that are reducing friction in the shopping experience and helping us develop deeper relationships with customers. Our scale and financial resources continue to enable us to test and evaluate a wide range of technologies, some of which have already led to high-returning capabilities.

The U.S. supercenter is a great asset and we're finding new ways to leverage it. For example, in the third quarter, we announced the expansion of the Delivery Unlimited membership program, the launch of unattended in-home grocery delivery and the grand opening of the new first-of-its-kind Walmart Health center. Each of these new offerings leverages the supercenter in ways we only imagined a few years ago. So, we're finding new ways to deliver great customer experiences across channels that will result in new opportunities to generate traffic, build loyalty and drive revenue growth. At the same time, we're leveraging technology and automation to operate more efficiently, deliver cost savings and replace repetitive tasks. We'll continue the strategy to leverage our scale, unique assets and financial strength to position the company competitively for the longer-term while balancing investments and profitability in the shorter-term.

Now, let's get to the details of the quarter.

We're pleased with the top-line growth in Q3 as total constant currency revenue grew 3.3 percent to $129.0 billion, with currency having a negative effect of approximately $1 billion, which is about $500 million more than we expected at the beginning of the quarter. All three business segments delivered solid sales growth, with Walmart International's constant currency sales up nearly five percent and Walmart U.S. comp sales up 3.2 percent.

Consolidated gross profit margin declined 36 basis points, primarily reflecting the inclusion of Flipkart for only part of the quarter last year and price investments in the U.S.

We continue to be encouraged by the progress on SG&A expense leverage. In the third quarter, excluding an impairment charge that I will discuss a bit further on, we delivered 30 basis points of leverage, led by Walmart U.S. store productivity and Walmart International operating efficiencies. The cost culture is strong across the organization and results are being achieved through fixed cost leverage on higher sales, strong expense discipline and cost reductions in appropriate areas. Teams are laser focused on achieving sustainable leverage while enhancing the customer experience.

Q3 adjusted operating income on a constant currency basis was 1.7 percent higher than last year. On a reported basis, operating income declined 5.4 percent and was down 4.1 percent on a constant currency basis.

Walmart U.S. delivered another strong performance with operating income up 6.1 percent, the sixth consecutive quarter of growth. International operating income declined primarily due to the expected dilution from Flipkart while Sam's Club was pressured by accelerated strategic price and technology investments. It is worth noting that the fluctuation in foreign currencies was a greater drag on operating income than anticipated at the beginning of the quarter resulting in a pre-tax impact of $64 million, or over a penny a share.

Net interest expense increased 10.3 percent as expected, reflecting the company's previous bond issuance related to the Flipkart transaction. The effective tax rate for the quarter was below our expectations and is expected to come in slightly below our prior full-year assumptions, which we noted in the guidance section of the press release.

Adjusted EPS increased 7.4 percent to $1.16 and GAAP EPS was $1.15. The difference between adjusted and GAAP EPS reflects a $290 million pre-tax non-cash impairment for the value of the Jabong tradename, offset by the unrealized gain on our investment in JD. We did benefit by about three cents a share relative to our expectations from various tax benefits during the quarter.

With regards to the impairment, Flipkart runs an apparel offering on Flipkart.com and two fashion-focused platforms, Myntra.com and Jabong.com. Earlier this year, we decided to consolidate back office functions for Myntra and Jabong to drive efficiencies. In going through that process, the team decided to focus on a single premium fashion platform, Myntra.com, simplifying the business and the customer proposition. We continue to see strong growth in both sales and units across both Flipkart and Myntra fashion and remain confident about performance. Since there was value ascribed to the Jabong name at the time of the Flipkart acquisition, we are taking a non-cash impairment charge on the trade name.

Operating cash flow year to date was $14.5 billion, $2.8 billion lower than last year due primarily to timing of payments to vendors and associates. During the quarter, the company returned $2.6 billion to shareholders through dividends and share repurchases. Our share buyback activity was lower in Q3 versus recent periods and last year. As we have mentioned before, share buybacks on a quarter to quarter basis are driven by a number of factors. We still feel good about the value of the company and remain committed to our buyback program.

Now, let's discuss the quarterly results for each operating segment in more detail.

Walmart U.S.

Walmart U.S. delivered another quarter of strong sales and profit growth. Comp sales, excluding fuel, grew 3.2 percent in Q3 and 6.6 percent on a two-year stacked basis. We've now grown comp sales on a two-year stacked basis by more than six percent for five of the last six quarters. Our customers' economic health appears solid and our competitive position is strong. Comp transactions increased 1.3 percent and ticket was up 1.9 percent. E-commerce sales accelerated sequentially to 41 percent growth year-over-year and benefitted the segment comp by 170 basis points with strong growth in online grocery.

Comp sales growth reflects strength across most key categories and channels with grocery continuing to perform well with a mid-single digit comp sales gain. Fresh food was particularly strong this quarter with mid-single digit comp sales growth as improvements in areas like bakery and meats are resonating with customers. We've focused on improving fresh presentation and product quality and this has resulted in stronger sales and market share gains according to Nielsen. Private brand sales continue to be strong with increased penetration versus last year. We saw modest deflation in food as our price investments negatively affected ticket this quarter, but consumables' inflation increased modestly year-over-year. Health & wellness comp sales increased by a mid-single-digit percentage as branded drug inflation and script growth benefitted results. Meanwhile, general merchandise comp sales were up a low single-digit percentage with strength in home and hardlines. Due to unseasonably warm weather, we did see softness in apparel.

In eCommerce, we had our best quarter of sales growth this year, up 41 percent. Customers are enjoying the convenience of grocery pickup and delivery and this service was a meaningful contributor to overall eCommerce growth. We're on track to offer free same-day grocery pickup from more than 3,100 stores this year and expect to have more than 1,600 stores that offer same-day grocery delivery. We're also pleased with the early response to the recently-launched Delivery Unlimited membership program. During the quarter, we took convenience to a whole new level with the launch of the In-Home *Delivery* pilot. Now, more than one million U.S. customers in three markets can have their online grocery orders placed all the way into their refrigerators. We think this could be a winning proposition as we expand our relationship with more families and grow our share of wallet.

We're also making progress in key eCommerce service metrics like the Customer Value Index, net promoter score and on-time delivery. Since our launch of NextDay delivery in May, we've reached more than 75 percent of the U.S. population with this offering which helps lower the cost of service as we reduce split shipments. We've seen strong customer response and improvement in our shipping metrics that are outpacing the company average.

As a reminder, when we updated full-year guidance metrics in Q2, we said that quarterly eCommerce growth rates were expected to be in a range of approximately 30 percent to low 40 percent, with the fourth quarter being the lowest quarter of the year due to product mix, initiative timing and overlaps. This remains our best estimate and we feel good about our ability to deliver around 35 percent growth for the full year.

Walmart U.S. gross margin rate declined 4 basis points year-over-year. Continued price investments pressured gross profit but were partially offset by lower supply chain costs and better merchandise mix including strength in private brands.

Expenses leveraged 21 basis points as strong productivity improvements in physical stores were partially offset by growth of eCommerce in the segment. Both the stores and eCommerce teams delivered expense leverage. The Walmart U.S. stores team has now leveraged expenses for 11 consecutive quarters as we use automation and technology to drive efficiency across the business.

I'm pleased that operating income increased again this quarter with growth of 6.1 percent. It's clear that our prior investments are paying off and the productivity loop is alive and well.

Walmart U.S. total inventory increased 1.7 percent and comp store inventory was up 2.7 percent in the quarter. The increase is lower than Q1 and Q2, and we feel good about the quality of the inventory position as we enter the holiday season.

We're pleased with the Walmart U.S third quarter results. As we start Q4, we recognize that we have some potential hurdles including the shortened holiday selling season and lapping the 40 basis points of comp sales benefit from SNAP pull-forward in last year's fourth quarter. Nonetheless, we're ready for a great holiday season and whether it's in our stores or online, we'll provide customers with a great selection of key items at low prices.

Walmart International

We're pleased with the solid sales growth from International in the quarter led by the inclusion of Flipkart as well as strength in China and Mexico. Net sales increased 4.8 percent in constant currency and 1.3 percent on a reported basis, including the negative $1 billion currency effect. Seven of 10 markets had positive comp sales.

We're continuing to manage through political and/or economic challenges that are affecting growth in several of our International markets, including the U.K. and Central America, both of which had negative comps in the quarter. But overall, our operating fundamentals are improving.

China had a strong quarter with net sales up 6.3 percent and comp sales up 3.7 percent. This was the best sales result from China in more than five years. Sam's Club was the primary driver with double-digit comp growth due to strength in fresh foods and growth in omnichannel sales. Customers appreciate having multiple options to shop Walmart, so we're continuing to lean into omnichannel capabilities, including the rollout of Walmart Daojia and the expansion of JD Daojia. Each of these services provide fast delivery of online orders to customers' homes, often in less than 40 minutes.

In Mexico, comp sales increased 3.8 percent which was better than the overall market for the 19th consecutive quarter. We're pleased with the consistent top-line growth that we've seen from this business. On a two-year stacked basis, comp sales were up 10.1 percent, and we continued to gain share in key transaction-driving categories, including food and staples, according to ANTAD. E-commerce adoption is growing rapidly in Mexico as we expand our omnichannel capabilities and in Q3 we saw 65 percent year-over-year growth. There's plenty of runway left for growth in Mexico.

During the quarter, we reached the first anniversary of our Flipkart acquisition. The team has accomplished much over the past year and we're even more excited about the opportunities ahead of us. Flipkart recently completed its best-ever Big Billion Days sales event which resulted in nearly 75 percent growth in new customers compared to last year's event, including good strides in driving growth from Tier 2 cities. Because of calendar shifts, two days of the event affected Q3 net sales this year with the remaining four days to be reported in the fourth quarter. Last year, the entire sales event was reported in our Q4 results. PhonePe is also performing well with rapid growth in new customers and over 55 million monthly active users on the app.

In the U.K., comp sales declined 0.5 percent as customers' concerns over Brexit continue to weigh on results. Despite this challenging environment, the Asda team continues to drive operational and service improvements that are resonating with customers, including strong growth in online grocery.

In Canada, comp sales increased 1.9 percent. We continued to see solid results in grocery sales and are focused on driving growth in general merchandise and apparel categories, both in stores and through omnichannel solutions.

Operating with discipline across markets continues to be a focus. The International team made good progress on cost controls and delivered strong expense leverage this quarter on an adjusted basis. This is important as we work to offset gross margin pressure from mix shifts within various markets. Excluding the impairment charge related to Jabong, third quarter International operating income was better than plan, but declined 16 percent year-over-year in constant currency and 21 percent on a reported basis due primarily to the expected dilution from Flipkart as well as the overall gross margin and FX pressure mentioned earlier.

We remain focused on executing our International strategy of building strong local businesses powered by Walmart and continue to evaluate opportunities to strengthen our position across the portfolio.

Sam’s Club

Momentum continued at Sam’s Club this quarter with strong comp sales and membership income growth. Comp sales increased 0.6 percent, excluding fuel, and 4.1 percent when excluding fuel and tobacco. On a two-year stacked basis, comp sales excluding fuel and tobacco were up 9.8 percent, which is among the strongest results in recent years. Members are responding to the omnichannel strategy as club comp transactions were strong with a 5.7 percent increase and eCommerce sales grew 32 percent. We’re pleased with the membership trends we’re seeing at Sam’s as member counts and renewal rates increased, including Plus membership. In fact, membership income was up 3.1 percent in the quarter, the highest growth in 3 ½ years.

Operating income was pressured in part by accelerated strategic investments in price, technology investments and the growth of eCommerce. As a result, Sam’s Club operating income declined 13.7 percent in the third quarter.

Overall, the team at Sam’s continues to make good progress on driving value and innovation for the member.

Guidance

In August, we provided updated full-year guidance as part of our second quarter release. Q3 net sales and operating income were relatively in-line with our expectations, but adjusted EPS was somewhat higher than anticipated due in part to a lower effective tax rate. So, we are updating our FY20 guidance to reflect year-to-date results with no material changes to our fourth quarter assumptions.

Our prior FY20 tax rate guidance was 26 percent to 27 percent, but due primarily to updated estimates related to changes in regulations and other favorable tax outcomes, we now expect it to be 25 percent to 25.5 percent.

We now expect FY20 adjusted EPS, including Flipkart, to be up slightly compared to our prior guidance of “down slightly to up slightly”. Excluding Flipkart, FY20 adjusted EPS is expected to increase by a high single-digit percentage range versus our prior guidance of a “mid to high single-digit percentage increase.”

As always, we have several assumptions in our guidance, including that economic conditions, currency rates, and the tax and regulatory landscape remain generally consistent. We have not included any potential change in the future value of our investment in JD.com. Also, we’re still assessing the ongoing civil unrest in Chile and have not included any related potential discrete financial effects in our assumptions. We expect currency to be a continued headwind in Q4. Based on current exchange rates, we estimate net sales will be slightly negatively affected by about $100 million in the fourth quarter.

We’re continuing to monitor the ongoing tariff discussions and are hopeful that an overarching long-term agreement can be reached. Our merchants continue to execute appropriate mitigation strategies as our goal is to be the low-price leader. Our guidance assumptions include our current understanding of the timing of tariff implementation on various categories.

In closing, we’re excited to serve customers during this busy fourth quarter season. Our competitive position is strong, we’re operating efficiently and we’re innovating to make it easier to shop with Walmart in the U.S. and in our markets around the world. Thank you for your interest in our company and have a safe and enjoyable holiday season.