



BABSON
COLLEGE



PUERTO RICO
CONFERENCE
Entrepreneurship for Growth

2010

March 24, 2010 | Conrad San Juan Condado Plaza | 7:30 a.m. - 5:00 p.m.

P u e r t o R i c o C h a m b e r o f C o m m e r c e

Puerto Rico's Competitive Agenda



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Renzo Casillo

President & CEO

Walmart Puerto Rico

Walmart Puerto Rico



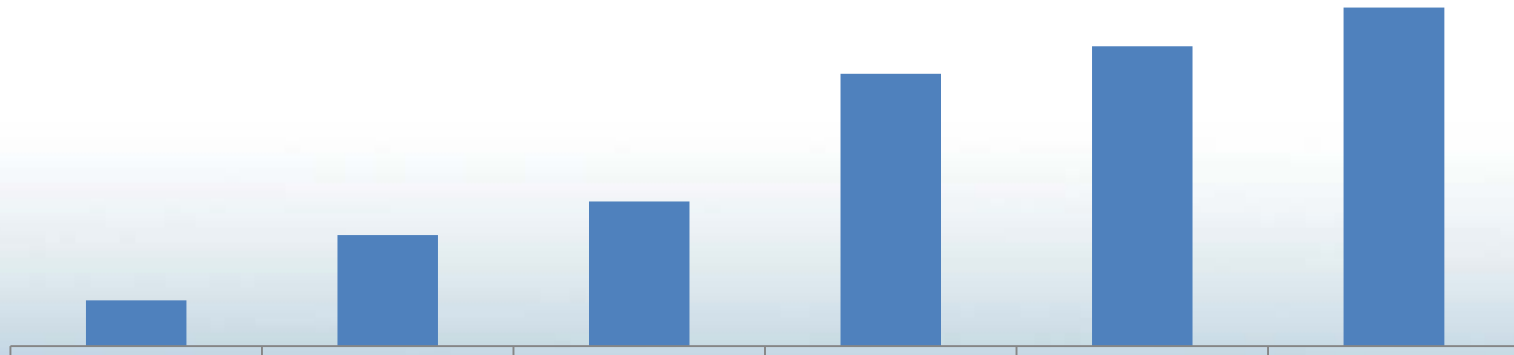
- First store -1992
- Currently 54 units



Walmart Timeline

Sales

Associates:14K



1995

1998

2001

2004

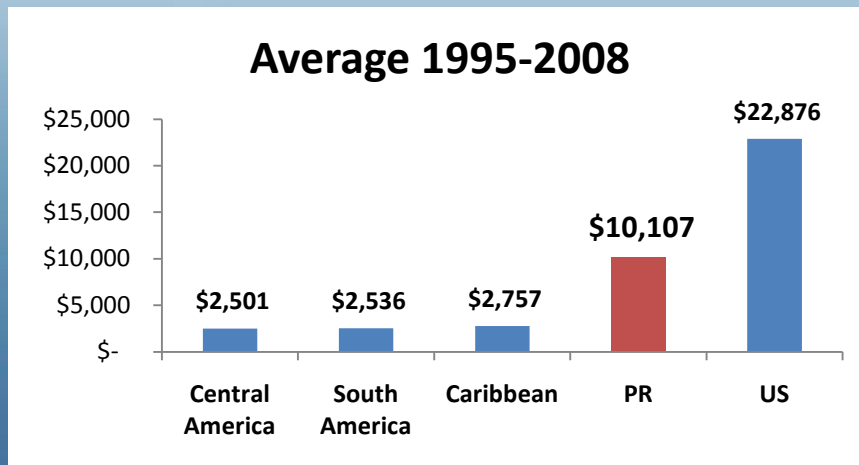
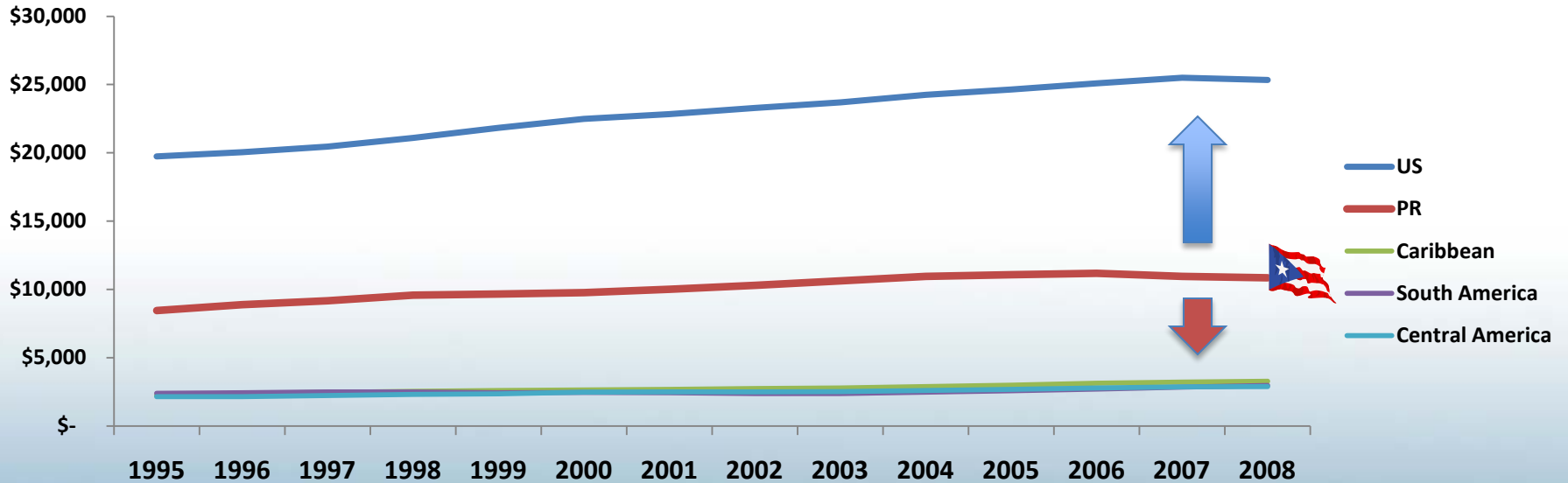
2007

2009



Puerto Rico retail market

Household expenditure per capita



Overall investment environment

- **Retail activity and Consumer behavior**
- **Security - minimum external threats**
- **Stable political environment**
- **Reliable legal system**
- **Business valuation results**
- **Attractive tax incentives environment**



Puerto Rico retail market

Size of the pie

Total retail \$35B

■ Walmart ■ Others

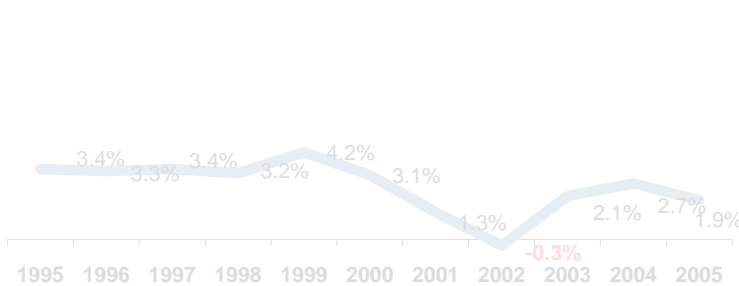


Economic Conditions



Economy and Consumer

PR Economic Growth

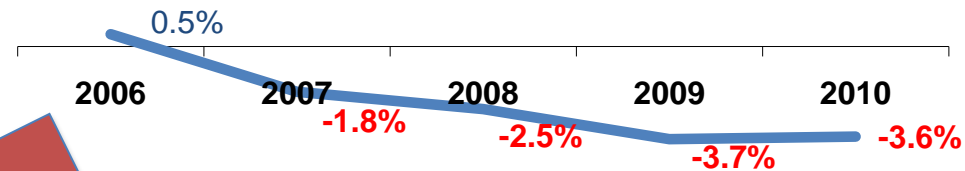


- Golden years operation bootstrap
- Transition to high tech industries capital intensive (936)
- Gains on employment and per capita income

- Current recession the worst in the Island history
- Fiscal crisis
- High public debt
- Raising Unemployment and Bankruptcies
- Volatile energy costs

Economy and Consumer

PR Economic Growth



- Consumer confidence low level
- Almost every category in negative terms, specially hardlines, apparel, and electronics.
- Lower disposable income
- 9 out of 10 Households taking proactive measure to save money
- Monthly spend on main grocery trip down by 10%
- Prioritize what to buy



**Critical:
Operate better
than ever**



Productivity and Efficiencies

- **Productivity**
 - Sales per man hour
 - Units
- **Inventory**
 - Sales to inventory ratio
 - DOH
- **Logistics**
 - Merchandise flow
 - Cost per case
- **Efficient stores**
 - Energy Consumption
- **Associate Engagement**



Drivers of progress



- Price Leadership
- Giving back to the Community >\$3M
- Customer relevancy / Innovation
- Support of local products
- Sustainability
- Our culture



Support for Local Products

- **Local Farmers Development Program**
 - Increase local farmers production
 - Create new jobs in the agriculture sector
- **Buy from local manufacturers**
 - Promote local products at store level
 - Global access



Sustainability

- Committed to environmental protection and compliance with local regulations.
- Initiatives saved more than 8.0M Kwh, equivalent to USD \$1.4 million.
- Recycling efforts diverted 77% of generated wastes from Puerto Rico's landfills.
- Educate our customers about recycling, reforestation, energy and water conservation.



Our Culture

- **Effective organization - increased investment**
- **Strategic and goal oriented**
- **Provide opportunity for growth**
- **Economic progress**
- **Discount to a number of products and services**
- **Improved medical plan alternatives**





**Local
Investment**

Investment

Today

- Investment to date: Close to \$1 Billion
- Largest Employer with nearly 14K associates

5Yr Outlook

- Future Investment: \$300M - \$500M
- Future Jobs approx. 3K to 5k

Sustainability

- Solar panels, Refrigeration and Parking (LED)
- Local farmers support

Develop entrepreneurship

Ponce Baramaya



Critical for PR investment growth

Even playing field

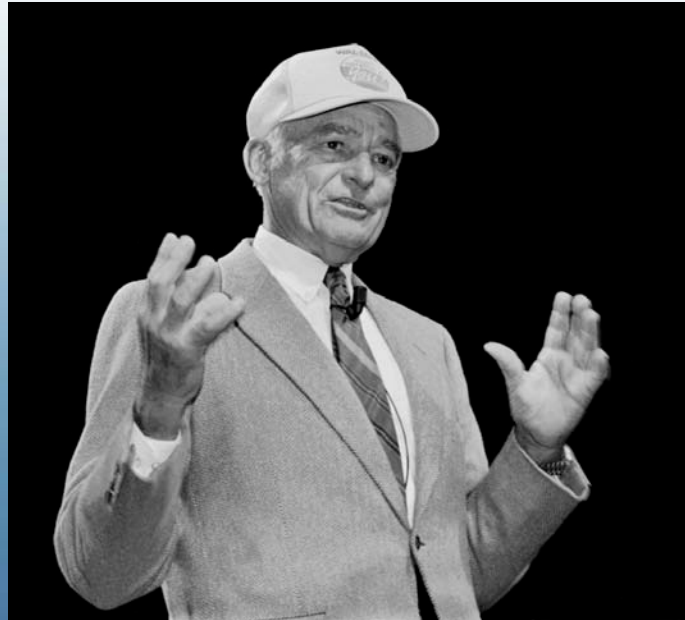
**Reduce cost of doing
business**



**Simplify permit and
operating
requirements**

*“We know there is a recession.
However we choose not to participate”*

Sam Walton (1918-1992)



Thank you !



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