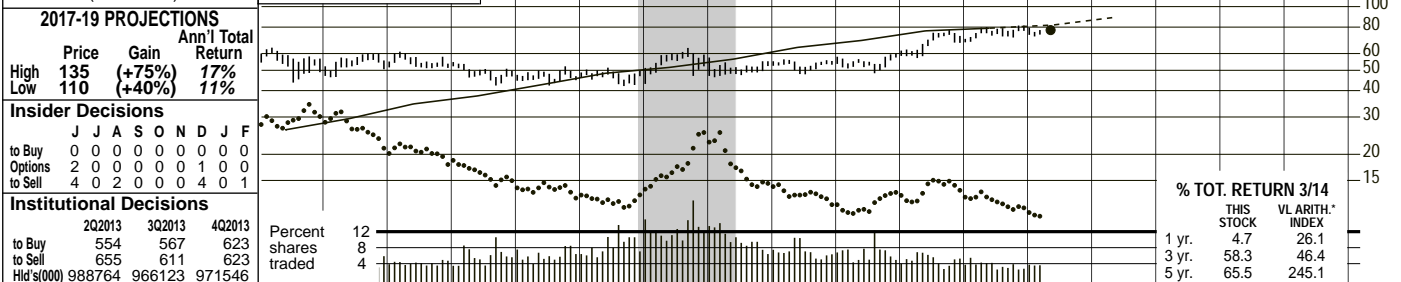


# WAL-MART STORES NYSE-WMT

RECENT PRICE **77.56** P/E RATIO **14.9** (Trailing: 15.1 Median: 15.0) RELATIVE P/E RATIO **0.79** DIV'D YLD **2.5%** **VALUE LINE**

TIMELINESS <b>4</b> Lowered 5/2/14	High: 60.2 61.3 54.6 52.2 51.4 63.8 57.5 56.3 60.0 77.6 81.4 79.5	Low: 46.3 51.1 42.3 42.3 42.1 43.1 46.3 47.8 48.3 57.2 67.7 72.3	Target Price Range 2017 2018 2019
SAFETY <b>1</b> Raised 2/15/02	LEGENDS — 10.0 x "Cash Flow" p sh ... Relative Price Strength Options: Yes Shaded area indicates recession		
TECHNICAL <b>2</b> Raised 5/2/14			
BETA .60 (1.00 = Market)			



1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	© VALUE LINE PUB. LLC	17-19
30.71	37.02	42.80	49.36	56.09	60.00	68.02	75.79	84.40	95.34	103.34	107.82	119.98	130.76	141.57	147.32	153.45	165.50	Sales per sh <sup>A</sup>	191.55
1.41	1.81	2.05	2.25	2.61	2.95	3.47	3.78	4.27	4.83	5.16	5.64	6.42	6.92	7.69	7.92	8.20	8.95	"Cash Flow" per sh	11.35
.99	1.28	1.40	1.50	1.81	2.03	2.41	2.63	2.92	3.16	3.42	3.66	4.07	4.45	5.02	5.11	5.30	5.85	Earnings per sh <sup>A B</sup>	7.60
.16	.20	.24	.28	.30	.36	.52	.60	.67	.88	.95	1.09	1.21	1.46	1.59	1.88	1.98	2.20	Div'ds Decl'd per sh <sup>A C</sup>	2.70
4.71	5.80	7.01	7.88	8.95	10.12	11.67	12.77	14.91	16.26	16.63	18.69	19.49	20.86	23.04	23.59	26.00	28.00	Book Value per sh	38.00
4482.0	4457.0	4470.0	4453.0	4395.0	4311.0	4234.0	4165.0	4131.0	3973.0	3925.0	3786.0	3516.0	3418.0	3314.0	3233.0	3200.0	3100.0	Common Shs Outst'g <sup>D</sup>	2950.0
31.2	39.1	38.0	34.9	30.3	26.9	22.8	18.3	16.0	14.9	16.2	13.9	13.1	12.4	13.5	14.9	<b>Bold figures are Value Line estimates</b>		Avg Ann'l P/E Ratio	16.0
1.62	2.23	2.47	1.79	1.66	1.53	1.20	.97	.86	.79	.97	.93	.83	.78	.86	.84			Relative P/E Ratio	1.00
.5%	.4%	.5%	.5%	.5%	.7%	.9%	1.2%	1.4%	1.9%	1.7%	2.1%	2.3%	2.7%	2.3%	2.5%			Avg Ann'l Div'd Yield	2.2%

**CAPITAL STRUCTURE as of 1/31/14**  
**Total Debt** \$48690 mill. **Due in 5 Yrs** \$16150 mill.  
**LT Debt** \$44543 mill. **LT Interest** \$2250 mill.  
 Incl. \$2841 mill. capitalized leases.  
 (Total interest coverage: 12.4x) (35% of Cap'l)

**Leases, Uncapitalized** Annual rentals \$1722 mill.

**No Defined Benefit Pension Plan**  
**Pfd Stock** None

**Common Stock** 3,229,175,401 shs.  
 as of 3/18/14

**MARKET CAP: \$250 billion (Large Cap)**

CURRENT POSITION	2011	2012	1/31/14
(SMILL.)			

Cash Assets	6550	7781	7281
Receivables	5937	6768	6677
Inventory (LIFO)	40714	43803	44858
Other	1774	1588	2369
Current Assets	54975	59940	61185
Accts Payable	36608	38080	37415
Debt Due	6022	12392	11773
Other	19670	21346	20157
Current Liab.	62300	71818	69345

ANNUAL RATES	Past	Past	Est'd '11-'13
of change (per sh)	10 Yrs.	5 Yrs.	to '17-'19
Sales	10.0%	8.0%	5.5%
"Cash Flow"	11.0%	9.5%	4.5%
Earnings	10.5%	9.0%	7.5%
Dividends	18.0%	14.5%	9.5%
Book Value	9.5%	7.0%	8.5%

Fiscal Year Begins	QUARTERLY SALES (\$mill.) <sup>A</sup>	Full Fiscal Year
	Apr.30 Jul.31 Oct.31 Jan.31	
2011	104189 109366 110226 123169	446950
2012	113018 114296 113929 127919	469162
2013	114071 116829 115688 129706	476294
2014	115000 120500 120000 135500	491000
2015	122000 126300 125100 139600	513000

Fiscal Year Begins	EARNINGS PER SHARE <sup>A B</sup>	Full Fiscal Year
	Apr.30 Jul.31 Oct.31 Jan.31	
2011	.97 1.09 .99 1.44	4.45
2012	1.09 1.18 1.08 1.67	5.02
2013	1.14 1.24 1.14 1.60	5.11
2014	1.15 1.20 1.25 1.70	5.30
2015	1.30 1.42 1.32 1.81	5.85

Cal-endar	QUARTERLY DIVIDENDS PAID <sup>A C</sup>	Full Year
	Mar.31 Jun.30 Sep.30 Dec.31	
2010	.2725 .605 .3025 --	1.18
2011	.3025 .730 .365 --	1.40
2012	.365 .795 .3975 .3975	1.96
2013	.47 .47 .47 .47	1.88
2014	.48	

**Wal-Mart has a new CEO.** Doug McMillon succeeded Mike Duke on February 1, 2014. Mr. McMillon has had various leadership roles in Wal-Mart's hierarchy. We are encouraged by the change.

**Fiscal fourth quarter results were weak.** Domestic same-store sales fell 40 basis points compared with a 50-basis-point gain in 2013's fourth quarter. Traffic fell 1.7%, while the average ticket increased 1.3%. The e-commerce business positively affected comp sales by approximately 30 basis points. Management cited severe winter weather conditions, a reduction in government food stamp benefits, and a shortened holiday season for the weak results. Comps are expected to be flat in the current quarter, on top of a 2.4% decline in the previous year.

**Wal-Mart's historic track record of cutting costs may hit a bump in the road this year.** Even with weakness in the U.S. and increased investment in store expansion and e-commerce, the company was still able to grow operating income faster than sales in the fiscal fourth quarter. Recently, management admitted that continued investment in those initia-

tives, as well as its everyday low-price strategy, may result in deleverage this year. It didn't reveal specific plans to improve its arguably understaffed shelf-stocking and customer service workforce. Both questions have weighed on investors' minds in the recent past.

**Wal-Mart remains focused on its small-format stores.** Management mentioned that the "big basket trip" to its supercenters remains healthy, but the "stock-up trip" (i.e., everyday items like bread and milk) has declined recently. To help remedy this, it plans on adding 270 to 300 new small units this year, including 160 to 180 Neighborhood Markets, and 110 to 120 Walmart Express locations.

**These shares are suitable for conservative investors.** Although underlying demand trends could certainly be better, the worst is probably behind Wal-Mart for the near term. We like the small-format expansion strategy, and have confidence in Wal-Mart International's ability to transition emerging markets to the everyday low price strategy while still provide largely localized merchandise.

Kevin Downing May 2, 2014

(A) Fiscal year ends Jan. 31st of following calendar year. Sales exclude rentals from licensed depts. (B) Based on diluted shares. May not sum due to rounding. Excls. (losses) and gains: '01, (\$0.01); '05, \$0.03; '08, (\$0.07); '09, \$0.04; '10, \$0.40; '11, \$0.03; '13, (\$0.23). Next earnings report due May 15th. (C) Divids. historically paid in early Mar., May, Aug., and Dec. Dividend reinvestment plan available. (D) In millions.

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**Company's Financial Strength** A++  
**Stock's Price Stability** 100  
**Price Growth Persistence** 55  
**Earnings Predictability** 100

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