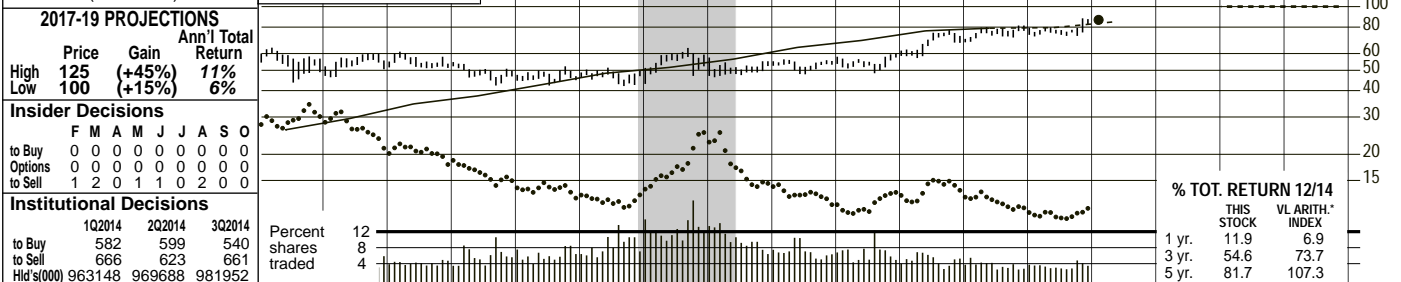


WAL-MART STORES NYSE-WMT

RECENT PRICE **86.69** P/E RATIO **17.0** (Trailing: 17.1; Median: 15.0) RELATIVE P/E RATIO **0.92** DIV'D YLD **2.3%** **VALUE LINE**

TIMELINESS 4 Lowered 12/19/14	High: 60.2 Low: 46.3	61.3 51.1	54.6 42.3	52.2 42.3	51.4 42.1	63.8 43.1	57.5 46.3	56.3 47.8	60.0 48.3	77.6 57.2	81.4 67.7	88.1 72.3	Target Price Range 2017 2018 2019
SAFETY 1 Raised 2/15/02	LEGENDS — 10.0 x "Cash Flow" p sh ... Relative Price Strength Options: Yes Shaded area indicates recession												
TECHNICAL 4 Lowered 1/30/15													
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	150.35	157.00	Sales per sh ^A	189.85
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	7.95	8.50	"Cash Flow" per sh	10.95
.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	5.00	5.30	Earnings per sh ^{A B}	7.00
.16	.20	.24	.28	.30	.36	.52	.60	.67	.88	.95	1.09	1.21	1.46	1.59	1.88	1.92	2.05	Div'ds Decl'd per sh ^{A C}	2.30
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	27.00	28.00	Book Value per sh	35.50
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	3240.0	3180.0	Common Shs Outst'g ^D	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	15.6	15.6	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	.81	.81	Relative P/E Ratio	1.00
.5%	.4%	.5%	.5%	.7%	.7%	.9%	1.2%	1.4%	1.9%	1.7%	2.1%	2.3%	2.7%	2.3%	2.5%	2.5%	2.5%	Avg Ann'l Div'd Yield	2.1%

CAPITAL STRUCTURE as of 10/31/14										287989	315654	348650	378799	405607	408214	421849	446950	469162	476294	487200	499200	Sales (\$mill) ^A	560000
Total Debt \$55682 mill. Due in 5 Yrs \$16150 mill.										23.7%	23.8%	24.2%	24.4%	24.5%	25.4%	25.3%	25.0%	24.9%	26.7%	24.5%	24.5%	Gross Margin	25.5%
LT Debt \$44487 mill. LT Interest \$2450 mill.										7.5%	7.4%	7.4%	7.5%	7.3%	7.6%	7.9%	7.7%	7.7%	7.7%	7.5%	7.5%	Operating Margin	7.8%
Incl. \$3069 mill. capitalized leases.										5289	6141	6779	7262	7720	8416	8970	10130	10773	10942	11470	12100	Number of Stores	15000
(Total interest coverage: 11.2x) (35% of Cap'l)										10267	11014	12178	12884	13512	14204	14921	15523	16999	16728	16200	16800	Net Profit (\$mill)	20300
Leases, Uncapitalized Annual rentals \$1722 mill.										34.7%	34.7%	33.6%	34.2%	34.2%	34.1%	34.0%	33.4%	31.0%	32.2%	33.0%	33.0%	Income Tax Rate	33.0%
										3.6%	3.5%	3.5%	3.4%	3.3%	3.5%	3.5%	3.5%	3.6%	3.5%	3.3%	3.4%	Net Profit Margin	3.6%
No Defined Benefit Pension Plan										d4397	d5002	d5166	d10869	d6441	d7230	d6591	d7325	d11878	d8160	d6500	d6000	Working Cap'l (\$mill)	d4000
Pfd Stock None										23669	30171	30735	33402	34549	36401	43842	47079	41417	44559	44500	43200	Long-Term Debt (\$mill)	40000
Common Stock 3,223,189,895 shs.										49396	53171	61573	64608	65285	70749	68542	71315	76343	76255	87480	89040	Shr. Equity (\$mill)	104725
as of 11/26/14										14.8%	14.0%	14.1%	14.1%	14.5%	14.1%	14.1%	14.0%	15.3%	14.7%	12.0%	12.5%	Return on Total Cap'l	14.0%
MARKET CAP: \$279 billion (Large Cap)										20.8%	20.7%	19.8%	19.9%	20.7%	20.1%	21.8%	21.8%	22.3%	21.9%	18.5%	19.0%	Return on Shr. Equity	19.5%
										16.3%	16.0%	15.2%	14.4%	15.0%	14.1%	15.3%	14.7%	15.2%	13.9%	11.5%	11.5%	Retained to Com Eq	13.0%
CURRENT POSITION										22%	23%	23%	28%	28%	30%	30%	33%	32%	37%	38%	39%	All Div'ds to Net Prof	33%
(SMILL)																							

CURRENT POSITION	2012	2013	10/31/14
(SMILL.)			
Cash Assets	7781	7281	6718
Receivables	6768	6677	6091
Inventory (LIFO)	43803	44858	51501
Other	1588	2369	1531
Current Assets	59940	61185	65841
Accts Payable	38080	37415	39656
Debt Due	12392	4412	11195
Other	21346	27518	20709
Current Liab.	71818	69345	71560

ANNUAL RATES	Past	Past	Est'd '11-'13
of change (per sh)	10 Yrs.	5 Yrs.	to '17-'19
Sales	10.0%	8.0%	5.0%
"Cash Flow"	11.0%	9.5%	6.5%
Earnings	10.5%	9.0%	6.5%
Dividends	18.0%	14.5%	6.0%
Book Value	9.5%	7.0%	8.0%

Fiscal Year Begins	QUARTERLY SALES (\$mill.) ^A	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	114960 120125 119001 133114	487200
2015	118150 122600 122300 136150	499200

Fiscal Year Begins	EARNINGS PER SHARE ^{A B}	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	1.10 1.21 1.15 1.54	5.00
2015	1.15 1.26 1.19 1.70	5.30

Cal-endar	QUARTERLY DIVIDENDS PAID ^{A C}	Full Year
	Mar.31 Jun.30 Sep.30 Dec.31	
2011	.3025 .730 .365 --	1.40
2012	.365 .795 .3975 .3975	1.96
2013	.47 .47 .47 .47	1.88
2014	.48 .48 .48 .48	1.92

(A) Fiscal year ends Jan. 31st of following calendar year. Sales exclude rentals from licensed depts. (B) Based on diluted shares. (C) Divs. historically paid in early Mar., May, Aug., and Dec. Dividend reinvestment plan available. (D) In millions.

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

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Wal-Mart's top line is showing some signs of life. The general merchandise juggernaut saw U.S. sales rise 3.4% in the October quarter, as same-store sales advanced 50 basis points, the first positive comp in the past seven quarters. Around 20 basis points of that came from higher e-commerce sales. The average ticket was up 120 basis points while traffic declined 70 basis points. Importantly, last year's cuts to the food stamp program lowered comps by 70 basis points, a headwind that was anniversary on November 1st. Further, small-format Neighborhood Market stores reported an impressive 5.5% comp thanks to pharmacy sales and an appealing consumables offering.

The company is trying to improve its shopping experience. The primary goals are to keep shelves stocked and inventory low. We think it will be difficult for WMT to accomplish these tasks and still keep profitability at the status quo. Indeed, operating expenses were up 3.5% in the October quarter owing to wage increases. To be fair, higher U.S. healthcare expenses also played a part. We expect these trends to continue over the near term.

Domestic fourth-quarter comps should be decent compared to recent history. Guidance for this all-important metric is flat to up 1%, on top of a 40-basis-point decline in the previous year. Management cautioned that the outlook factors in a "highly promotional" holiday selling season. Results may get a boost from e-commerce sales, which have been benefiting from innovative digital marketing tactics and successful integration of its desktop, mobile, and brick and mortar shopping experiences. All told, fourth-quarter guidance is now at \$1.46 to \$1.56 a share, which reflects the aforementioned higher healthcare costs, investment in e-commerce, and a negative \$0.03 impact from the closing of underperforming stores in Wal-Mart Japan.

The shares are unfavorably ranked for the year ahead (Timeliness: 4). Although we think initiatives to improve customer satisfaction are a step in the right direction, and lower gas prices may boost spending somewhat, we do not expect any major spikes in spending from Wal-Mart's cash-strapped customer base.

Kevin Downing
January 30, 2015