

Current Liab. 69345 ANNUAL RATES Past Est'd '12-'14 Past 10 Yrs. to '18-'20 of change (per sh) 5 Yrs. Sales "Cash Flow" 9.0% 10.0% 7.5% 8.5% 5.5% 6.5% 9.5% 16.5% 9.0% 8.0% 13.0% 7.0% Earnings Dividends 5.5% 4.0% **Book Value** 6.5%

2369

61185

37415 4412

**Current Assets** 

Accts Payable Debt Due

Other

Fiscal Year	QUARTERLY SALES (\$ mill.) A				Full Fiscal
Begins	Apr.30	Jul.31	Oct.31	Jan.31	Year
2012	113018	114296	113929	127919	469162
2013	114071	116829	115688	129706	476294
2014	114960	120125	119001	131565	485651
2015	114826	120500	120000	134174	489500
2016	119150	124300	124050	140500	503500
Fiscal	EARNINGS PER SHARE A B				Full Fiscal
Year Begins	Apr.30	Jul.31	Oct.31	Jan.31	Year
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	1.58	5.04
2015	1.03	1.13	1.10	1.54	4.80
2016	1.07	1.24	1.17	1.62	5.10
Cal-	QUARTERLY DIVIDENDS PAID = C				Full
endar	Mar.31	Jun.30	Sep.30	Dec.31	Year
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
2015	.49	.49			

erating 3,407 supercenters (includes sizable grocery departments), 470 discount stores, 647 Sam's Clubs, and 639 Neighborhood Markets in the U.S., plus 6,290 foreign stores, many in Latin America, with the balance in Asia, Canada, and the U.K. as of 1/31/15. Total store space: 1.135 billion square feet. Retail space is largely

Wal-Mart's first quarter was decent. Earnings per share of \$1.03 were two cents shy of our call, \$0.07 below last year's tally, and within the guidance range of \$0.95-\$1.10. Revenues were flat year over year, and in line with our estimate. Wal-Mart U.S. saw revenues rise 3.5% as same-store sales of 1.1% came in toward the low end of guidance on a 1.0% rise in marked This the consecutive quarter of positive comps. Investment in e-commerce and higher wages for its workers both had a \$0.02 negative impact on EPS.

Traffic is expected to remain strong for the second quarter. The company has been focused on improving the customer experience. Initiatives include quicker shelf stocking, fresher foods, and better sales assistance. We think this, combined with lower gas prices, will keep traffic flowing in the current quarter. A continued decline in food inflation rates should somewhat offset this, but overall domestic comp sales should be around 1%.

The e-commerce business is growing **nicely.** Global e-commerce sales were up 17% in the first quarter, with mobile traf-

ter. Groceries accounted for 55% of U.S. sales; sales per square foot in 2014: about \$428. Has 2,200,000 employees. Off./dir. own 50.6% of shares (4/15 proxy). Chairman: S. Robson Walton. CEO and Pres.: Doug McMillon. Inc.: DE. Addr.: 702 S.W. 8th St., Bentonville, AR 72716. Tel.: 479-273-4000. Internet: www.walmart.com.

fic doubling in the United States versus last year. Wal-Mart hopes a simplified checkout process on Walmart.com will improve the mobile experience. E-commerce sales contributed approximately 20 basis points to the overall comp performance.

There are a number of earnings head-

winds in play. The wage and employee experience restructuring plan should lower second-quarter EPS by \$0.04 and the fullyear tally by \$0.20. Incremental commerce investment ought to reduce the bottom line by \$0.06-\$0.09 for the full year. Elsewhere, although outside the company's control, currency translation is expected to have a negative \$0.13 impact on the bottom line.

These shares may interest conservative, long-term investors The decision to pay workers more, coupled with commerce improvements, is making 2015 a transitional year at Wal-Mart. The in-flated costs will likely keep the stock price range-bound. Long term, we think efforts to improve the customer experience will pay off. Thus, we find these shares suitable for risk-averse investors Kevin Downing July 31, 2015

(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. n/r

August 18th. (C) Divds. historically paid in early

(losses)/gains: '01, (\$0.01); '05, \$0.03; '08, Mar., May, Aug., and Dec.■ Dividend reinvest-(\$0.07); '09, \$0.04; '10, \$0.40; '11, \$0.03; '13, ment plan available. (\$0.23); '15 (\$0.08). Next earnings report due (**D**) In millions.

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

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