

chain, operating 3,465 supercenters (includes grocery departments), 442 discount stores, 655 Sam's Clubs, and 667 Neighborhood Markets in the U.S., plus 6,299 foreign stores, many in Latin America, with the rest in Asia, Canada, and the U.K. as of 1/31/16. Total store space: 1.149 billion square feet. Retail space is largely

ter. Groceries accounted for 56% of U.S. sales; sales per square foot in 2015: about \$420. Has 2,300,000 employees. Off./dir. own 51.6% of shares (4/16 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.

ANNUAL RATES Past Est'd '13-'15 Past 10 Yrs. to '19-'21 of change (per sh) 5 Yrs. Sales "Cash Flow" 8.0% 8.5% 6.5% 6.5% Earnings Dividends Book Value 2.0% 2.5% 3.5% 7.5% 6.0%

2224

63278

38410

6402 20460

Current Assets

Accts Payable Debt Due

Current Liab.

Other

1441

60239

38487

6004 20128

2296

63401

42990 7897 23243

Fiscal Year Begins	QUA Apr.30	RTERLY S Jul.31	ALES (\$ m Oct.31	nill.) A Jan.31	Full Fiscal Year
2013	114071	116829	115688	129706	476294
2014	114960	120125	119001	131565	485651
2015	114826	120229	117408	129667	482130
2016	115904	120900	118179	132017	487000
2017	119000	125000	122000	134000	500000
Fiscal	EARNINGS PER SHARE A B				_Full
Year Begins	Apr.30	Jul.31	Oct.31	Jan.31	Full Fiscal Year
2013	1.14	1.24	1.14	1.59	5.11
2014	1.10	1.21	1.15	1.61	5.07
2015	1.03	1.08	1.03	1.43	4.57
2016	.98	1.07	.98	1.32	4.35
2017	1.01	1.05	1.00	1.44	4.50
Cal-	QUARTERLY DIVIDENDS PAID = C				Full
endar	Mar.31	Jun.30	Sep.30	Dec.31	Year
2013	.47	.47	.47	.47	1.88
2014	.48	.48	.48	.48	1.92
2015	.49	.49	.49	.49	1.96
2016	.50	.50	.50	.50	2.00
2017					

Wal-Mart probably closed out fiscal **2016 in decent form.** Sales for the domestic unit have been solid, rising 2.5% in the third quarter, despite food deflation and weak cold-weather apparel sales creating a 150-basis-point headwind. On a same-store basis, sales improved 1.2% thanks partly to a 70-basis-point rise in traffic. The company provided domestic comp guidance of 1.0% to 1.5% for the fourth quarter, which includes the allimportant holiday season. Wal-Mart also raised the low end of its full fiscal-year earnings guidance range by a nickel to \$4.20-\$4.35. Our estimate is currently at the high end of that guidance bracket.

The e-commerce business is coming along. Wal-Mart bought Amazon rival Jet.com last fall for \$3 billion in cash and \$300 million in stock, the largest ecommerce acquisition in U.S. history. Jet is now contributing to e-commerce sales, which rose 20.6% in the third quarter. Further, Wal-Mart purchased online footwear outfit ShoeBuy for \$70 million, signaling that other e-commerce outfits may be brought into the fold in order to expand the breadth of product and better compete with Amazon.

The company's labor force is changing. Around a year ago, Wal-Mart announced it would be cutting 10,000 jobs, then another 7,000 back-office positions were eliminated in September. Further, reports claim 1,000 more jobs would be shed at its headquarters before January 31st. The company appears to be trying to cut costs and shift resources toward ecommerce. Nonetheless, management also expressed its intent to create 10,000 retail jobs in 2017 by opening or renovating 59 new locations and continuing to expand its e-commerce operation. The most recent announcement appears to be partly motivated by the new Presidential Administration's efforts to boost U.S. job growth. **These shares are timely.** The company is positioning itself to better compete in the e-commerce space. Positive same-store sales over the last two years have also made us more optimistic. Long-term price appreciation potential is decent when taking into account Wal-Mart's top ranks for Safety, Stock Price Stability, Earnings Predictability, and Financial Strength. Kevin Downing January 27, 2017

(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

February 21st. (C) Divds. historically paid in

(losses)/gains: '01, (\$0.01); '05, \$0.03; '08, (\$0.07); '09, \$0.04; '10, \$0.40; '11, \$0.03; '13, (\$0.23); '15 (\$0.08). Next earnings report due (**D**) In millions. □ Dividend

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

A++ 95

95