

# WALMART, INC. NYSE-WMT

RECENT PRICE **87.90** P/E RATIO **18.4** (Trailing: 19.9; Median: 15.0) RELATIVE P/E RATIO **0.98** DIV'D YLD **2.4%**

**VALUE LINE**

**TIMELINESS** 4 Raised 11/24/17  
**SAFETY** 1 Raised 2/15/02  
**TECHNICAL** 2 Lowered 4/20/18  
**BETA** .70 (1.00 = Market)

High: 51.4 63.8 57.5 56.3 60.0 77.6 81.4 88.1 91.0  
 Low: 42.1 43.1 46.3 47.8 48.3 57.2 67.7 72.3 56.3

LEGENDS  
 — 10.0 x "Cash Flow" p sh  
 ... Relative Price Strength  
 Options: Yes  
 Shaded area indicates recession

**2021-23 PROJECTIONS**

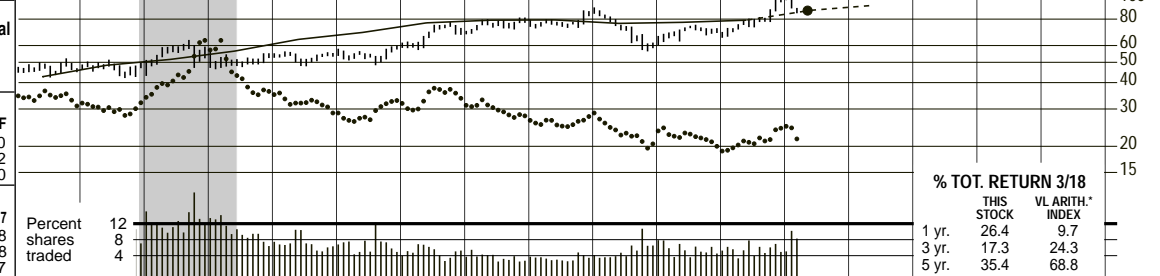
Price	Gain	Ann'l Total Return
High 140	(+60%)	14%
Low 115	(+30%)	10%

**Insider Decisions**

	J	J	A	S	O	N	D	J	F
to Buy	0	0	0	0	0	0	0	0	0
Options	10	6	1	0	6	0	14	2	0
to Sell	1	0	1	1	0	6	1	0	0

**Institutional Decisions**

	2Q2017	3Q2017	4Q2017
to Buy	713	704	718
to Sell	691	705	648
Hlds(000)	998023	995036	893157



2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	© VALUE LINE PUB. LLC	21-23
56.09	60.00	68.02	75.79	84.40	95.34	103.34	107.82	119.98	130.76	141.57	147.32	150.45	152.48	159.41	166.25	<b>168.65</b>	<b>180.40</b>	Sales per sh <sup>A</sup>	209.45
2.61	2.95	3.47	3.78	4.27	4.83	5.16	5.64	6.42	6.92	7.69	7.92	7.93	7.64	7.72	7.91	<b>8.80</b>	<b>9.30</b>	"Cash Flow" per sh	11.20
1.81	2.03	2.41	2.63	2.92	3.16	3.42	3.66	4.07	4.45	5.02	5.11	5.07	4.57	4.32	4.42	<b>4.95</b>	<b>5.25</b>	Earnings per sh <sup>A B</sup>	6.75
.30	.36	.52	.60	.67	.88	.95	1.09	1.21	1.46	1.59	1.88	1.92	1.96	2.00	2.04	<b>2.08</b>	<b>2.12</b>	Div'ds Decl'd per sh <sup>■C</sup>	3.10
8.95	10.12	11.67	12.77	14.91	16.26	16.63	18.69	19.49	20.86	23.04	23.59	25.22	25.47	25.52	26.38	<b>24.00</b>	<b>25.00</b>	Book Value per sh	32.00
4395.0	4311.0	4234.0	4165.0	4131.0	3973.0	3925.0	3786.0	3516.0	3418.0	3314.0	3233.0	3228.0	3162.0	3048.0	3010.0	<b>3000.0</b>	<b>2910.0</b>	Common Shs Outst'g <sup>D</sup>	2600.0
30.3	26.9	22.8	18.3	16.0	14.9	16.2	13.9	13.1	12.4	13.5	14.9	15.4	15.5	16.2	18.6	<b>18.6</b>	<b>18.6</b>	Avg Ann'l P/E Ratio	19.0
1.66	1.53	1.20	.97	.86	.79	.97	.93	.83	.78	.86	.84	.81	.78	.85	1.00	<b>1.00</b>	<b>1.00</b>	Relative P/E Ratio	1.20
.5%	.7%	.9%	1.2%	1.4%	1.9%	1.7%	2.1%	2.3%	2.7%	2.3%	2.5%	2.5%	2.8%	2.9%	2.5%	<b>2.9%</b>	<b>2.5%</b>	Avg Ann'l Div'd Yield	2.8%

**CAPITAL STRUCTURE as of 1/31/18**  
 Total Debt \$46487 mill. Due in 5 Yrs \$12524 mill.  
 LT Debt \$36825 mill. LT Interest \$2300 mill.  
 Incl. \$6780 mill. capitalized leases.  
 (Total interest coverage: 10.0x) (32% of Cap'l)

**Leases, Uncapitalized** Annual rentals \$2270 mill.

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

**Common Stock** 2,950,696,818 shs.  
 as of 3/28/18

**MARKET CAP: \$259 billion (Large Cap)**

405607	408214	421849	446950	469162	476294	485651	482130	485873	500343	<b>506000</b>	<b>525000</b>	Sales (\$mill) <sup>A</sup>	565500
24.5%	25.4%	25.3%	25.0%	24.9%	24.8%	24.8%	25.1%	25.6%	25.6%	<b>25.0%</b>	<b>25.0%</b>	Gross Margin	25.0%
7.3%	7.6%	7.9%	7.7%	7.7%	7.7%	7.6%	7.0%	6.7%	6.7%	<b>6.5%</b>	<b>6.5%</b>	Operating Margin	7.0%
7720	8416	8970	10130	10773	10942	11453	11528	11695	11700	<b>11910</b>	<b>12080</b>	Number of Stores	12605
13512	14204	14921	15523	16999	16728	16426	14694	13452	13283	<b>14400</b>	<b>14950</b>	Net Profit (\$mill)	17550
34.2%	34.1%	34.0%	33.4%	31.0%	32.2%	31.9%	30.3%	30.6%	30.6%	<b>30.4%</b>	<b>25.5%</b>	Income Tax Rate	25.0%
3.3%	3.5%	3.5%	3.5%	3.6%	3.5%	3.4%	3.0%	2.8%	2.7%	<b>2.8%</b>	<b>2.8%</b>	Net Profit Margin	3.1%
d6441	d7230	d6591	d7325	d11878	d8160	d1994	d4380	d9239	d18857	<b>d15000</b>	<b>d8800</b>	Working Cap'l (\$mill)	5300
34549	36401	43842	47079	41417	44559	43692	44030	42018	36825	<b>42500</b>	<b>45200</b>	Long-Term Debt (\$mill)	48000
65285	70749	68542	71315	76343	76255	81394	80546	77798	79404	<b>72000</b>	<b>72750</b>	Shr. Equity (\$mill)	86400
14.5%	14.1%	14.1%	14.0%	15.3%	14.7%	14.0%	12.6%	12.1%	11.4%	<b>12.5%</b>	<b>12.5%</b>	Return on Total Cap'l	13.0%
20.7%	20.1%	21.8%	21.8%	22.3%	21.9%	20.2%	18.2%	17.3%	16.7%	<b>20.0%</b>	<b>20.5%</b>	Return on Shr. Equity	20.5%
15.0%	14.1%	15.3%	14.7%	15.2%	13.9%	12.6%	10.4%	9.3%	9.0%	<b>9.5%</b>	<b>10.5%</b>	Retained to Com Eq	10.5%
28%	30%	30%	33%	32%	37%	38%	43%	46%	46%	<b>42%</b>	<b>40%</b>	All Div'ds to Net Prof	48%

**CURRENT POSITION (SMILL.)**

	2015	2016	1/31/18
Cash Assets	8705	6867	6756
Receivables	5624	5835	5614
Inventory (LIFO)	44469	43046	43783
Other	1441	1941	3511
Current Assets	60239	57689	59664
Accts Payable	38487	41433	46092
Debt Due	6004	3920	9662
Other	20128	21575	22767
Current Liab.	64619	66928	78521

**BUSINESS:** Wal-Mart Stores, Inc. owns the world's largest retail chain, operating 3,522 supercenters (includes grocery departments), 415 discount stores, 660 Sam's Clubs, and 735 Neighborhood Markets in the U.S., plus 6,363 foreign stores, many in Latin America, with the rest in Asia, Canada, and the U.K. as of 1/31/18. Total store space: 1.164 billion square feet. Retail space is largely

owned, and most stores are within 400 miles of a distribution center. Groceries accounted for 56% of U.S. sales; sales per square foot in 2016: about \$420. Has 2,300,000 employees. Off./dir. own 51.6% of shares (4/18 proxy). Chairman: Gregory B. Penner. 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 10 Yrs.	Past 5 Yrs.	Est'd '14-'16 to '21-'23
of change (per sh)			
Sales	7.5%	5.0%	5.0%
"Cash Flow"	7.5%	4.0%	6.5%
Earnings	6.0%	3.0%	5.5%
Dividends	12.5%	9.5%	8.0%
Book Value	7.0%	5.0%	4.0%

**Walmart's stock has fallen back to earth.** The shares were up over 60% in the 12 months leading up to the release of fiscal first-quarter results. That report did not go over well with investors, and the shares are down around 20% since the release. The bottom line was \$0.04 shy of the average Wall Street estimate. The company expedited the start of some initiatives to take advantage of tax reform, which increased expenses and drove part of the miss. Domestic same-store sales rose 2.6% on a 1.6% rise in traffic. New technologies and apps that manage mark-down activity and help associates improve in-stock levels contributed to the solid result. The e-commerce business slowed with Web-initiated sales (includes ship-to-home, ship-to-store, pick up today, online grocery, and transactions through Jet.com and smaller e-commerce brands) growing 23%, versus 50% in the fiscal third quarter. The company anniversaried the Jet.com acquisition and encountered an operational mishap that hindered results. Still, management is confident the growth rate will bounce back, resulting in a 40% advance for the Web business in 2018.

**Walmart is proving to be an omnichannel thought leader.** The company was way ahead of rivals in establishing innovative ways to merge the online and in-store shopping experiences. The most successful initiative has been grocery pickup, which rolled out to 1,100 locations over the past 18 months, and is expected to arrive at 1,000 more this year. New "pickup towers" at 118 locations make this process even faster and easier than going into a designated area of a supercenter. Notably, customers that regularly buy both in store and online spend about double the amount of conventional shoppers.

**QUARTERLY SALES (\$ mill.) <sup>A</sup>**

Fiscal Year Begins	Apr.30	Jul.31	Oct.31	Jan.31	Full Fiscal Year
2015	114826	120229	117408	129667	482130
2016	115904	120854	118179	130936	485873
2017	117542	123355	123179	136267	500343
2018	<b>120625</b>	<b>125250</b>	<b>123700</b>	<b>136425</b>	<b>506000</b>
2019	<b>125150</b>	<b>130000</b>	<b>128350</b>	<b>141500</b>	<b>525000</b>

Although unfavorably ranked, the shares offer compelling risk-adjusted long-term price appreciation potential at current price levels. The financial strength of Walmart's core customer group — households making less than \$50,000 per year — is improving thanks to higher wages, relatively low unemployment, and tax reform. This, coupled with Walmart's pristine execution of its omnichannel strategy, should translate into steady earnings growth in coming years.

Kevin Downing  
 April 27, 2018

**EARNINGS PER SHARE <sup>A B</sup>**

Fiscal Year Begins	Apr.30	Jul.31	Oct.31	Jan.31	Full Fiscal Year
2015	1.03	1.08	1.03	1.43	4.57
2016	.98	1.07	.98	1.30	4.32
2017	1.00	1.08	1.00	1.33	4.42
2018	<b>1.10</b>	<b>1.25</b>	<b>1.10</b>	<b>1.50</b>	<b>4.95</b>
2019	<b>1.15</b>	<b>1.30</b>	<b>1.15</b>	<b>1.65</b>	<b>5.25</b>

Still, management is confident the growth rate will bounce back, resulting in a 40% advance for the Web business in 2018.

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 April 27, 2018

**QUARTERLY DIVIDENDS PAID <sup>■C</sup>**

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2014	.48	.48	.48	.48	1.92
2015	.49	.49	.49	.49	1.96
2016	.50	.50	.50	.50	2.00
2017	.51	.51	.51	.51	2.04
2018					

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(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	(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 mid-May. (C) Divds. 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	95
			Price Growth Persistence	25
			Earnings Predictability	95