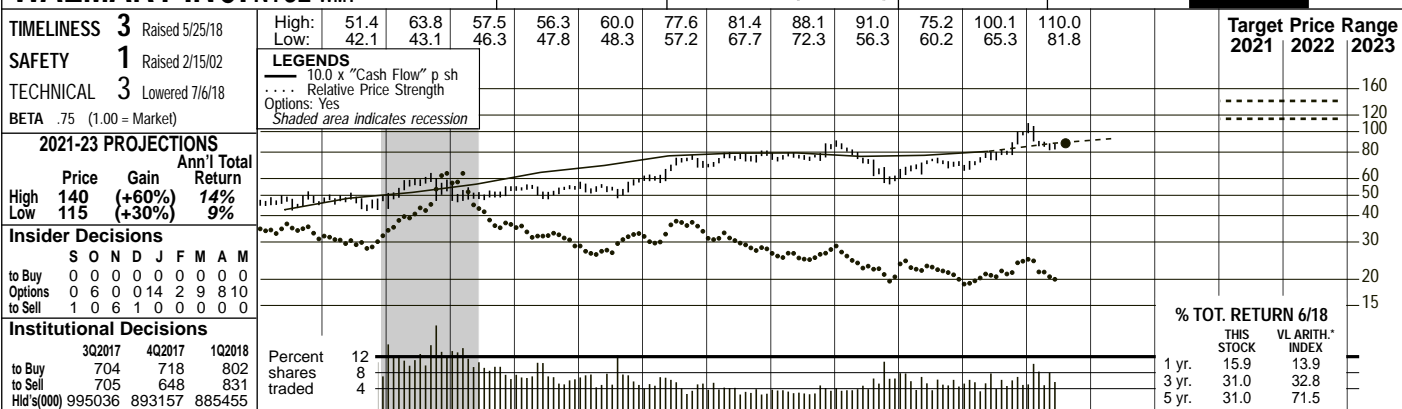


# WALMART INC. NYSE-WMT

RECENT PRICE **88.19** P/E RATIO **18.2** (Trailing: 19.4 Median: 15.0) RELATIVE P/E RATIO **0.98** DIV'D YLD **2.4%** VALUE LINE



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	169.49	<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	8.07	<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>4.85</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	2952.0	<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>Bold figures are Value Line estimates</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	.93			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%			Avg Ann'l Div'd Yield	2.8%

**2021-23 PROJECTIONS**

Price	Gain	Ann'l Total Return
High 140	(+60%)	14%
Low 115	(+30%)	9%

**Insider Decisions**

S	O	N	D	J	F	M	A	M
to Buy	0	0	0	0	0	0	0	0
Options	0	6	0	14	2	9	8	10
to Sell	1	0	6	1	0	0	0	0

**Institutional Decisions**

3Q2017	4Q2017	1Q2018	
to Buy	704	718	802
to Sell	705	648	831
Hlds(000)	995036	893157	885455

**CAPITAL STRUCTURE as of 4/30/18**

Total Debt \$45643 mill. Due in 5 Yrs \$12524 mill.  
 LT Debt \$36305 mill. LT Interest \$2300 mill.  
 Incl. \$6828 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** 2,950,844,393 shs. as of 5/31/18

**MARKET CAP: \$260 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%	25.4%	<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	11718	<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%	31.4%	<b>25.5%</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	77869	<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%	12.1%	<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%	17.1%	<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%	9.2%	<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%

**BUSINESS:** Walmart 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.

**CURRENT POSITION (SMILL.)**

	2015	2016	4/30/18
Cash Assets	6867	6756	7885
Receivables	5835	5614	4568
Inventory (LIFO)	43046	43783	43303
Other	1941	3511	3487
Current Assets	57689	59664	59242
Accts Payable	41433	46092	44612
Debt Due	3920	9662	9338
Other	21575	22767	26807
Current Liab.	66928	78521	80757

**ANNUAL RATES**

	Past 10 Yrs.	Past 5 Yrs.	Est'd '15-'17 to '21-'23
of change (per sh)			
Sales	6.5%	4.0%	5.0%
"Cash Flow"	6.0%	2.0%	6.5%
Earnings	4.5%	-0.5%	5.5%
Dividends	11.0%	7.0%	8.0%
Book Value	6.0%	4.0%	4.0%

**Walmart's consistent improvement is encouraging.** April-quarter revenue rose 2.7% year over year in constant-currency terms. This was largely thanks to another solid quarter from the domestic unit, which posted 2.1% same-store sales growth. Two thirds of that stemmed from increased traffic, with a higher average ticket accounting for the rest. A new merchandising strategy aiming to make products more attractive and easier to access has been driving good growth in perishable food. Meanwhile, inventory was reduced for the 12th-consecutive quarter, which is helping efficiency. On the cost front, higher wages started in February, but an overall leaner operating structure enabled WMT to still leverage expenses.

**Walmart's investment in the omnichannel continues to pay off.** The e-commerce business recorded yet another impressive growth rate, this time clocking in at 33%, more than the 23% in the prior (holiday) period. Management still appears confident that it will be able to grow web-initiated sales by 40% this year. One move toward achieving that goal is the leasing of a new e-commerce fulfillment center in the

Bronx. Operated by subsidiary jet.com, the hub will provide greater access to New York City, a market WMT has repeatedly failed to enter, largely due to union opposition. The deal will essentially allow Walmart to better compete in the same-day grocery delivery space, which is currently occupied by the likes of Amazon, Instacart, and Fresh Direct, among others. Other urban areas will come on line in the future, which is part of jet.com's plan to appeal to younger and more affluent customers. Meanwhile, the company's 77% stake in the India-based e-commerce platform Flipkart seems very promising, but will likely take years to be accretive to earnings. At a price tag of \$16 billion, the deal would be the largest in company history. There was reportedly some internal conflict about pricing, the timing of the deal, and certain operational concerns, but management made clear that they fully expect to be able to scale without surpassing forecasted investment levels. The transaction should close by the end of calendar 2018.

**We recommend these shares to conservative, long-term investors.**  
 Kevin Downing July 27, 2018

**Fiscal Year Begins**

QUARTERLY SALES (\$ mill.) <sup>A</sup>	Full Fiscal Year	
Apr.30 Jul.31 Oct.31 Jan.31		
2015	114826 120229 117408 129667	482130
2016	115904 120854 118179 130936	485873
2017	117542 123355 123179 136267	500343
2018	122700 125250 123700 134350	506000
2019	125150 130000 128350 141500	525000

**Fiscal Year Begins**

EARNINGS PER SHARE <sup>A B</sup>	Full Fiscal Year	
Apr.30 Jul.31 Oct.31 Jan.31		
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	1.10 1.25 1.10 1.40	4.85
2019	1.15 1.30 1.15 1.65	5.25

**Cal-endar**

QUARTERLY DIVIDENDS PAID <sup>■C</sup>	Full Year	
Mar.31 Jun.30 Sep.30 Dec.31		
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	.52 .52	

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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-August. (C) Divds. historically paid in early Mar., May, Aug., and Dec. ■ Dividend reinvestment plan available. (D) In millions.