



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	175.65	186.55	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	8.50	8.65	"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	4.80	4.90	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	2.08	2.12	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	24.00	25.00	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	2935.0	2870.0	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%

CAPITAL STRUCTURE as of 7/31/18		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	© VALUE LINE PUB. LLC		21-23	
Total Debt	\$47186 mill. Due in 5 Yrs	\$13837 mill.															Sales (\$mill) <sup>A</sup>	565500	
LT Debt	\$44958 mill. LT Interest	\$2100 mill.															"Cash Flow" per sh	25.0%	
Incl.	\$6998 mill. property under capital lease.																Gross Margin	25.0%	
(Total interest coverage: 10.4x)	(39% of Cap'l)																Operating Margin	7.0%	
Leases, Uncapitalized	Annual rentals \$2270 mill.																Number of Stores	12605	
No Defined Benefit Pension Plan	Pfd Stock None																Net Profit (\$mill)	17550	
Common Stock	2,928,734,576 shs. as of 9/4/18																Income Tax Rate	25.0%	
MARKET CAP: \$281 billion (Large Cap)																	Net Profit Margin	3.1%	
CURRENT POSITION (SMILL.)																	Working Cap'l (\$mill)	5300	
Cash Assets	6867	6756	15840														Long-Term Debt (\$mill)	40000	
Receivables	5835	5614	5002														Shr. Equity (\$mill)	86400	
Inventory (LIFO)	43046	43783	41985														Return on Total Cap'l	13.0%	
Other	1941	3511	3543														Return on Shr. Equity	20.5%	
Current Assets	57689	59664	66370														Retained to Com Eq	10.5%	
Accts Payable	41433	46092	43128														All Div'ds to Net Prof	48%	
Debt Due	3920	9662	2228																
Other	21575	22767	26327																
Current Liab.	66928	78521	71683																

**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.

**Walmart continues to perform at a high level.** For the July quarter, earnings per share advanced more than 19% on a year over year basis. The top line rose 3.6% in constant-currency terms, but the gross margin still dipped 34 basis points, owing to price investment, higher oil prices lifting transportation costs, and an unfavorable product mix toward less profitable e-commerce merchandise. Walmart U.S. delivered the best quarterly same-store sales results in over a decade. That metric rose 4.5% excluding fuel, with traffic and ticket growth contributing around the same amount. The growth rate benefited from a favorable economic environment and relatively warm weather. Notably, management reported that the average Walmart customer feels better about the current health of the economy, their employment opportunities, and their personal finances.

**The omnichannel business continues to thrive.** The 40% rise in e-commerce receipts in the fiscal second quarter was much improved from the 23% rate achieved in the April period, and contributed 100 basis points to the domestic same-store sales advance. Meanwhile, the company continues to build out infrastructure of automated pickup towers for general merchandise. This feature should be present in 700 locations by the end of this year. Too, it now has 1,800 locations with grocery pickup, and ought to be able to deliver groceries to 40% of the U.S. population by yearend.

**Guidance was cut.** The company lowered expectations at the recent investment community meeting. The primary reason was costs associated with integrating Indian e-commerce platform Flipkart, which WMT purchased last year for \$16 billion. It now expects to bring in between \$4.65 and \$4.80 per share which is lower than the prior range of \$4.90-\$5.05.

**These shares are neutrally ranked.** Initiatives to improve the shopping experience appear to be paying off. Too, strong underlying demand and a cutting-edge omnichannel strategy should ensure momentum continues. Still, recent price appreciation will probably make these high-quality shares less attractive to value-oriented investors.

*Kevin Downing* *October 26, 2018*

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	122700	128028	125200	139572	515500
2019	125900	131850	129400	148300	535450

  

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	1.14	1.29	1.02	1.35	4.80
2019	1.18	1.30	1.02	1.40	4.90

  

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	.52	.52	.52		

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