



Walmart, Inc. (NYSE: WMT)

Consumer Staples – Food & Retail

Spring 2023

Recommendation: **SELL**

Analysts

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Current Price: \$148.49  
Target Price: \$107 - \$142

Investment Thesis

We recommend a **SELL** rating for Walmart Inc. with a target price range of \$107 - \$123, because it has a 4.37%-28.13% downside. We expect that Walmart is facing a period of little to no growth. With their number of locations in urban areas as well as in the international space shrinking, potential growth in their other avenues like e-commerce and private warehouse space, Sam's Club, won't be enough to compete against other competition.

Drivers of Investment Thesis

- **Market Saturation:** Walmart has oversaturated the market, especially in urban areas and internationally, causing them to need to shut down stores all over the globe. These shrinking streams of revenue makes Walmart extremely dependent on their e-commerce lanes and Sam's Club segment to boom, especially due to Walmart's slim margins.
- **Increased Competition:** Walmart has many competitors in this industry and the two channels it's trying to grow (e-commerce and private warehouse club) already have steep competition (Amazon and Costco) that would be hard to overcome. It's uncertain how Walmart's e-commerce channel will fare against a company like Amazon that has owned the space for so long, and similarly for Sam's Club's competition with loyal-membered Costco.
- **Operating Margins:** Walmart operates very slim margins, and with increasing cost of sales, it will be hard for the company to continue keeping profits high.

Risks to Investment Thesis

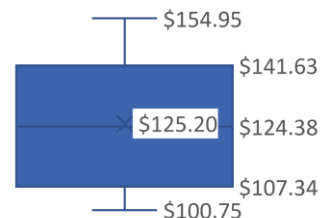
- **Shifts in Consumer Preferences:** With the state of the economy, many consumers are looking to save money wherever they can. Walmart's policy of Everyday Low Prices is a strategy that can work well for them during these times. Higher income customers are more attracted to these prices when everything is more costly, and Walmart's overall customer base can grow. This could not pan out well for Walmart though as it is difficult to maintain these low prices with cost of sales increasing. If prices at Walmart increase, they could lose their competitive advantage.

Company Description

Walmart, Inc. is an international leader in retail and wholesale business for merchandise and services at everyday low prices every day. Founded by Sam and James Walton in 1945. Today, Walmart operates through three business segments: Walmart U.S., Walmart International, and Sam's Club. Walmart U.S. has 4,717 stores; Sam's Club U.S. has 600 clubs and Walmart International has 5,305 stores while employing approximately 2.1 million people worldwide.

Snapshot

Price Data	
Current Stock Price:	\$148.49
52 Week Range	\$160.77 - \$117.27



Key Metrics	
Market Capitalization	\$404.565B
Shares Outstanding	2.72B
Beta	0.49
Forward P/E	26.19
EPS	\$5.60

Performance Highlights and Financial Ratios	
ROE	18.93%
Retention Ratio	47.76%
Current Ratio	0.82
Debt to Equity	0.64

Performance

Based on S&P 1500 Indexes  
Five-Year market price performance through Apr 08, 2023



Source 1: CFRA

## Executive Summary

We recommend a SELL rating for Walmart (WMT), as we are uncertain of how their role in the retail space will fare in the future. Walmart is one of the largest retailers in the world and has a very large portion of its sector's market share. With this being said, Walmart is seeing some shrinkage in certain areas. Its urban locations are struggling, and Walmart is being forced to close more and more locations due to the lack of profit. Also, internationally, Walmart has been closing stores, and it doesn't seem to be looking to add any new ones. Recently, it's taken new initiatives to get into e-commerce. This was initiated by pandemic lockdowns due to consumers looking for contact-free shopping options such as delivery and pick-up options. Their success has been minimal though as its e-commerce fulfillment centers are seeing hundreds of layoffs and its pickup only locations are being shut down (Tobin, Reuter). Along with some its struggles found in the e-commerce sector, Walmart has been losing stores in urban areas as well as internationally. Walmart is going to need Sam's Club, its private warehouse club who must compete against Costco, to continue to see significant growth for Walmart to continue to grow. Considering all of this, along with a very unstable economy, it is best to give Walmart (WMT) a SELL rating.

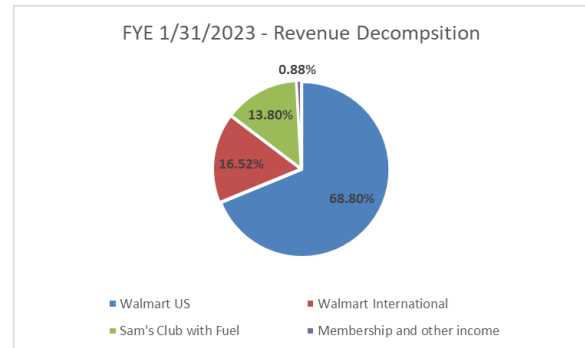
## Company Analysis

Walmart is an American multinational retail corporation that operates a chain of supercenters, discount stores smaller grocery stores known as Neighborhood Markets, private warehouse clubs under the name Sam's Club, along with e-commerce channels. The company has thousands of locations across the globe generating \$611.29 billion dollars in revenue for the fiscal year ending January 31, 2023, being one of the powerhouses of this sector. The revenue generated for Walmart can be attributed to their three business segments: Walmart US, Walmart International, and Sam's Club.

One of the primary strategies of Walmart is its signature Everyday Low Prices. This strategy is to offer low prices on everything they sell without the need of promotions, discounts, or coupons. This is one of the strongest pull factors of the company. While it brings many customers into the store, it is responsible for Walmart's slim margins and requires their stores to sell large volumes to stay profitable.

Newer developments by Walmart include e-commerce channels as well as a bump in growth from Sam's Club. Walmart's e-commerce channel offers anything offered in store to consumers via website or mobile app, and has a premium feature called Walmart+, which is similar to Amazon Prime. Sam's Club has also

seen recent growth and Walmart is looking to have them become more competitive with Costco.



### Walmart US

Walmart US is the largest division of Walmart, contributing to 68.80% of the company's total revenues in 2023. This branch consists of over 4,700 stores across the country divided between Walmart Supercenters, discount stores, as well as their smaller footprint stores called Neighborhood Markets commonly found in urban areas. These Neighborhood Markets have been a shrinking part of their revenue and Walmart US is going to look to focus and keep developing their other formats commonly found outside of urban centers. Their stores outside of these urban areas continue to have success though helping Walmart continue to see revenue growth each year. Part of this success is attributed to wealthier consumers looking for better values in today's economy.

Walmart's commitment to Everyday Low Prices has attracted these new customers away from the higher cost competitors. Due to Walmart's strength in the segment and overall volume it works with, it allows them to be able to promise its customers affordable prices that can work with any budget and is what's helped them stay on top.

### Walmart International

Walmart International is a much smaller segment than Walmart US only making up for 16.52% of revenues as opposed to 68.80%. While it is not as large it still operates under the same practices as its US counterpart and has similar store formats like supercenters as well as smaller markets. Walmart International is a shrinking business line for the company and its projected revenue to decrease a little less than two percent over the next five years.

### Sam's Club

Sam's Club is Walmart's private warehouse club specializing in selling bulk goods to consumers for a lower per-unit price. Being a

private club, Sam’s Club requires their customers to hold a membership with their stores that charges an annual fee. While Sam’s Club accounts for the second smallest portion of Walmart’s revenue that could change. Over the last few years Sam’s Club has been growing steadily while Walmart International has been shrinking and we see Sam’s club overtaking the international branch for the second greatest source of revenue.

**Membership and other Income**

The smallest contributor to Walmart’s revenues is their revenue from membership and other income accounting for only 0.88%. This includes membership costs from Sam’s Club costing consumers \$50/year for standard membership or \$110/year for Plus membership. This also includes Walmart+ membership fees of \$12.95/month.

**Economic Analysis**

In the wake of economic uncertainty, Walmart’s success or failure will be determined by economic variables. Currently, all eyes are on the Federal Reserve. If employment numbers beat the expected numbers, this will cause the market to go down on the belief that the Federal Reserve will continue raising interest rates. Rising interest rates have left consumers making tough decisions on how they will allocate their spending. Roughly 35 percent of Americans carry credit card debt from month to month, causing these consumers to be prudent with their financials. This increase in rates has caused debt to be more expensive than projected. These economic variables affecting Walmart include Inflation – Consumer Price Index (CPI), Real Gross Domestic Product (GDP), Income & Wages, and Consumer Confidence Index (CCI).

**Inflation – Consumer Price Index**

In June 2022, inflation was the highest since 1980 with 9.1 percent monthly change for all items. During the COVID 19 pandemic interest rates were close to zero. Almost three years later, inflation reached an all-time high number. Currently, for the month of March, inflation is at 5 percent. Inflation directly affects consumer spending, and with higher inflation consumers shift their shopping behaviors to discount retailers like Walmart and/or to shop in bulk at stores like Sam’s Club. Sam’s Club revenue grew by approximately 14 percent in 2022. Jerome Powell, Federal Reserve chairman, told to the U.S. Senate “Although inflation has been moderating in recent months, the process of getting inflation back

down to 2% has a long way to go and is likely to be bumpy” (Mitzner, 2023).



Source 2: U.S. Bureau of Labor Statistics 12-Month CPI

We are forecasting a continuous rise in interest rates or sustaining current interest rates for a longer period to bring inflation back down to 2 percent. Lower inflation leaves more power to the consumers money, but if these same consumers’ monthly debt payments are increasing, these individuals will need to budget their spending which could be beneficial for Walmart. But if interest rates don’t increase or go down within the next fiscal quarter could be negative for Walmart. Consumers could not look for low prices or shopping in bulk anymore and go back to relatively normal spending.

**Real Gross Domestic Product**

Real Gross Domestic product is defined as the inflation adjusted value of the goods and service products by labor or property in the United States of America. The United States economy has fully recovered since the COVID-19 pandemic.



Source 3: FRED Real GDP Growth

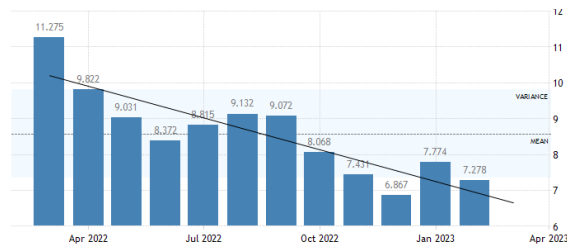
Currently, the U.S. economy expanded by an annualized 2.6 percent in quarter four in 2022. The estimates were an increase of 2.7 percent (miss by .1 percent). Consumer spending was .4 percent below the estimate (1 percent compared to 1.4 percent), but spending on goods declined by 0.1 percent compared to the decline estimate of 0.5 percent. For the year 2022, it started rough with quarters 1 and 2 experiencing a negative growth in GDP but in the last two quarters GDP increased.

Even with a slow start to the economy, Walmart US and Sam's Club recorded record high profits.



**Income & Wages**

In the current economic climate, consumers are being diligent when spending money due to inflation and interest rates. This causes consumers to make tough decisions when it comes to saving money on daily essentials. Since the start of 2022, wage growth is trending in a negative linear pattern. But, in the start of 2023 wages had a growth change.

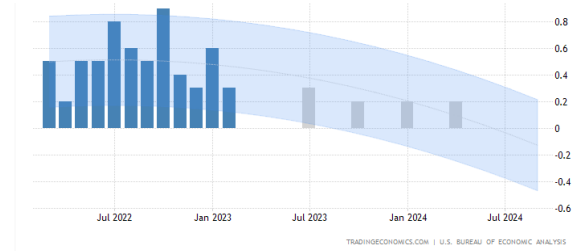


Source 5: Trading Economics U.S. Wages and Salaries

This downward trend of wage growth we believe will continue. There may be a month or two that experience a growth rate in wages, but overall, the negative trend for wage growth will continue into 2024. Labor is Walmart's largest cost, but Walmart pays their employees a minimum of \$14.50 an hour and an average of \$17.50 an hour. For the 340,000 store employees experiencing a raise, that will add \$5.95 million per hour in cost in wages. This expense is offset by consumers shopping at discount retailers and buying in bulk.

Income in the United States has remained constant with an average of 0.5 percent monthly growth from the start of 2022 to March 2023. As stated with the growth in wages in the start of 2023, income had a positive 0.3 percent change from the previous month, but it declined by 0.3 percent the following month. Forecasted household income in the United States is trending down, as we believe the average for 2023 will be approximately 0.4 to 0.35 percent. Walmart has and will continue to benefit from consumers

shifting their shopping behaviors to the stores motto of having everyday low prices.



Source 6: Trading Economics U.S. Forecasted Wages and Salaries

Source 7: FactSet

The Consumer Confidence Index is a vital metric to the consumer staples industry. Consumer confidence in the economy (both present and future) influences buying habits, and therefore, sales within the industry. Consumer confidence typically declines amid concerns of economic downturn. A decline in consumer confidence is accompanied by a decrease in discretionary spending and a substitution in favor of goods with a lower price point. For example, buying private label instead of more premium brands.

Since September of 2022, consumer confidence has been increasing month to month amid fears of a recession. Forecasting CCI is difficult because it predicts consumers psychology, but with the recent fall of regional banks, consumers could be less likely to spend money due to economic uncertainty.

The current increase in CCI is great for Walmart, but after Q1 in 2023 could be troublesome for Walmart. Walmart will see more consumers shopping at their stores as CCI declines, but during summer months West Texas Intermediate prices will increase, which could cause CCI to decline and cause consumers to be very conservative with their finances because all consumer goods and services will be expensive.



Source 8: Consumer Confidence Index by OECD

## Industry Analysis

Walmart is listed under the consumer staples – food and staples retailing industry. The food and staples retailing industry is comprised of four sub-industries: hypermarket & supermarkets, drug retail, food distributors, and food retail. This industry has the smallest margins in the consumer staples industry, but it has the largest revenue market share. The food and staples industry provides consumers with merchants who sell groceries, pharmaceuticals, and other products consumer's desire. The tables below display Walmart's competitors.

Ticker	Company	Net Income (M)	EPS FYE 22	P/S FYE 22
WMT	Walmart, Inc.	18,120	6.46	0.7
COST	Costco Wholesale Corporation	5,844	13.14	1
TGT	Target Corporation	6,946	13.56	1
KR	The Kroger Co.	2,802	3.68	0.2
AMZN	Amazon.com, Inc.	-2,722	-0.27	1.7
DG	Dollar General Corporation	2,399	10.17	1.4
BJ	BJ's Wholesale Club Holdings, Inc.	427	3.25	0.5
CVS	CVS Health Corporation	4,149	8.69	0.4
WBA	Walgreens Boots Alliance, Inc.	4,360	5.04	0.2

Ticker	Company	Market Cap (B)	Sales FYE 22 (M)
WMT	Walmart, Inc.	403	575,754
COST	Costco Wholesale Corporation	220.8	226,964
TGT	Target Corporation	75.164	106,005
KR	The Kroger Co.	33,757	137,888
AMZN	Amazon.com, Inc.	1,049.30	513,983
DG	Dollar General Corporation	47.452	34,220
BJ	BJ's Wholesale Club Holdings, Inc.	10.013	16,667
CVS	CVS Health Corporation	96.847	322,467
WBA	Walgreens Boots Alliance, Inc.	30.871	132,703

### Competitors

Walmart is a hypermarket/supermarket, drug retail, food retail, and eCommerce company. Walmart's competitors focus on specific areas within the food and staples retail.

Target Corporation consumers on average have higher household income compared to Walmart. For the fiscal year ended 2022, Target had a record high EPS, then as the economy start tightening their sales net income decrease with their EPS cutting in half in the following fiscal year. Walmart business model maintains consistency rather than Target who experiences rapid highs than lows.

Costco Wholesale Corporation is a wholesale and retail corporation that is a direct competitor to Walmart's Sam's Club. As the economy contracted consumers shifted their shopping behaviors to wholesale retailers which has led to Costco consistently having the highest earnings per share (EPS) in the

industry. Sam's Clubs revenue grew by approximately 15.1 percent in 2022 and 14.67 percent without adding a single store. Costco consumers are arguably the most loyal in the industry and could make it difficult for Sam's Club to see significant long-term growth.

Amazon.com, Inc. was the major eCommerce platform and food retail platform through their acquisition of Whole Foods, a premium grocery retail store. Walmart+, is a subscription-based eCommerce service by Walmart to compete with Amazon. Walmart joined the eCommerce party a little too late with Walmart+ to really compete with Amazon and their Prime membership service. If Walmart had started this venture earlier, they could have had a greater market share within eCommerce space. Whole Foods only controls approximately 1 percent of grocery store markets while Walmart, 19 percent, and Kroger, 9 percent. During economic uncertainty Walmart will experience consumers switching from Whole Foods to their stores.

The Kroger Co. is Walmart's largest competitor in the grocery retail space while controlling 10 percent less of the market share. Kroger has the second lowest EPS from the comparable companies list. Kroger has a difficult time turning their net sales into net income. Kroger has a lower price to sale ratio than Walmart by 0.4. Kroger online sales grew by 116 percent, over \$10 billion, and it is believed that Kroger online sales will again double in 2023. To be successful today, corporations need to improve their eCommerce. Currently, Kroger has private label and premium products, and have been offering discounts for their premium products through promotions and coupons. Walmart on the other hand already has low prices on all premium products by default with their everyday low prices, along with private label goods. Consumers know that they will receive some of the lowest prices in the industry without having to look for coupons to shop at places like Kroger.

CVS Health Corporation and Walgreens Boots Alliance, Inc. are built around drug retail with cosmetic and grocery items at their locations. Consumers do not do their primary shopping at these stores, instead if they are there or near a CVS or Walgreens consumers will purchase items.

Dollar General Corporation primarily operates in low-income areas, and they do not see consumers switching from Walmart. This is because they offer similar prices and Dollar General is location dependent, but they have the highest sales to net income conversion out of Walmart's competitors.

BJ's Wholesale Club Holdings, Inc. is another wholesale retailer who fights with Sam's Club and Costco for revenue market share.

BJ's focus is their market east of the Mississippi river while the other wholesale retailers are across the nation.

### **Industry Trends**

Currently, the industry is experiencing a shift in consumer behavior due to the rise of eCommerce. During the COVID-19 pandemic, McKinsey reported a 20 – 30 percent increase in eCommerce grocery sales. The five-year growth projection for online eCommerce grocery sales will have a compound annual growth rate (CAGR) of approximately 11.7 percent according to a forecast by Brick Meets Click and Mercatus. The quickest growth within the sector is the order ahead and pickup at store which is going to grow at approximately 13.5 for the next five years. In 2023, pickup orders attributed to roughly 50.3 percent of eCommerce grocery sales, increased by 4.9 percent from the previous year.

Currently an inflationary environment exists, and consumers are switching their behaviors and shopping at discount grocers, purchasing products in bulk, and switching to private label/store brands. This is beneficial for Walmart because consumers do their shopping at Walmart for the everyday low prices.

## Valuation Analysis

### **Valuation Methodology**

To value Walmart, our group collected a large sample size of historical data from the last 10 years starting on FYE January 31, 2013. Once we had all our data correctly formatted, we were able to forecast Walmart's financials for the next five years ending FYE January 31, 2028. We used these forecasted numbers to produce multiple valuation models including Discounted Cash Flows, Economic Profit, Dividend Discount, and Relative Valuation. By employing these models, we derived a range of intrinsic values that a share of Walmart stock should be valued at.

### **Revenue Decomposition**

Walmart's revenues are broken up into the categories Walmart US, Walmart International, Sam's Club with Fuel, and Membership and other income. We took the revenue numbers and found each segment's percentage of revenue as well as revenue growth to see which segments were more/less successful. The forecasted revenues of each segment were calculated by multiplying the total store square feet by sales per square foot for each given segment. Total square feet was forecasted by taking average growth of the

number of stores and applying that to each year then increasing total square feet by average store size per number of stores increased (or decreased). Forecasted sales per square foot was found by finding the average growth rate of sales per square foot and applying that growth rate number to the previous year's sales per square foot. To forecast membership and other income, the average growth rate of historical data was calculated to find a conservative growth average for the segment.

Walmart brought in \$611 billion in revenue in 2023 and it is forecasted to bring in \$825 billion by year 2028 contingent on Walmart US to continue having success in its Supercenter and discount store formats, as well as Sam's Club's growth.

### **Weighted Average Cost of Capital (WACC)**

Walmart's WACC was calculated to be 5.61%. To come to this conclusion, the cost of equity (5.96%) was calculated assuming the risk-free rate to be 3.57% based on a 10-year T-bond, 5-year weekly beta (0.49) and Damodaran's implied equity risk premium of 4.88%. To find the cost of debt (3.10%) the same risk-free rate was used as well as the pre-tax cost of debt based on the YTM of Walmart's 10-year corporate bond issued 09/22 (4.15%), and their marginal tax rate of 25%. Walmart's market value of equity is 87.73% of the value of the firm and its market value of debt is 12.27% of the value of the firm. This calculation is necessary for the accuracy of the valuation models.

### **Discounted Cash Flow and Economic Profit Models**

We calculated a share price of \$113.95 for both the discounted cash flow model as well as the economic profit model. To calculate the price for the discounted cash flows through the year end January 2028 we used our WACC to find the present values of each year's free cash flows (free cash flow is calculated by subtracting capital expenditures from NOPLAT). Then we used the WACC again along with the CV growth of NOPLAT estimation and the CV year ROIC to calculate the FCF continuing value. After summing all discounted cash flows, we reached our value of operating assets. Non-operating adjustments were made to this number, and we were able to reach Walmart's value of equity. Dividing this number by shares outstanding led us to the implied share price of \$113.95.

To compute the economic profit (EP) model, we took many of the same steps used in the discounted cash flow model. Instead of using free cash flows though, we used economic profit which is calculated by using each year's beginning invested capital and multiplying it by the difference of ROIC and WACC. We used the

same process as the DCF model for calculating the present value of those economic profit numbers, as well as the same method for computing the continuing value. After summing the present values of EP with the continuing value, we had to add in the previous year's invested capital to attain Walmart's value of operating assets. Like the DCF model, we needed to factor in non-operating adjustments to reach the value of equity, which we then divided by the amount of shares outstanding to reach a share price of \$113.95.

### Dividend Discount Model

We calculated our dividend discount model (DDM), by first pulling the forecasted EPS numbers for each year, then pulling in the forecasted dividends per share and discounting them the appropriate number of periods. Then, we needed to predict the future stock price. To do this we started by finding the price-to-equity multiple of the CV year using our estimated CV growth of EPS of 2.5%, the CV year ROE of 26.49% and the cost of equity of 5.96%. With these numbers, we calculated a CV year P/E multiple of \$26.20. We multiplied that by the CV year forecasted EPS to then achieve a future stock price of \$183.02. After discounting the future stock price and adding it to the other discounted cash flows generated by discounting each year's dividends per share, we achieved an intrinsic stock value of \$154.95.

### Relative Valuation

For our relative valuation we looked to calculate price-to-earnings and price-to-sales ratios to find the implied relative value of Walmart. We looked towards Walmart competitors to determine these relative valuations. The companies included were Costco, Target, Kroger, Amazon, Dollar General, BJ's Wholesale Club, CVS Health Corporation, and Walgreens Boots Alliance.

We calculated implied value of Walmart for years 2024 and 2025 based on the price-to-earnings model are \$109.54 and \$100.75 respectively. We found this by finding an average price-to-earnings ratio among those competitors we chose to compare Walmart to. Then, we took that average and multiplied it by Walmart's EPS.

To calculate implied relative value based on price-to-sales, we took the same steps as in the price-to-earnings model by initially finding the average sales-to-share ratio amongst the competitors. Then we multiplied the average by Walmart's price-to-share ratio to reach relative valuations of \$134.80 and \$137.90 for years 2024 and 2025 respectively.

## Sensitivity Analysis

### Equity Risk Premium vs. Beta

The equity risk premium and beta are both very important for the calculations in our model for calculating the cost of equity, which is critical in our calculations for WACC, as well as our DCF, EP, and DDM models. The sensitivity of this comparison was very high, having the second greatest range of prices from \$89.47-\$147.74. This could be likely due to 87.73% of Walmart's market value being attributed to equity. When beta and equity risk premium increase, we see an adverse impact on the stock price, and when they decrease, we see stock price increase.

		Equity Risk Premium							
		113.95	4.43%	4.58%	4.73%	4.88%	5.03%	5.18%	5.33%
Beta	0.37	147.74	144.64	141.65	138.78	136.01	133.34	130.77	
	0.41	138.24	135.20	132.28	129.48	126.78	124.18	121.69	
	0.45	129.80	126.84	123.99	121.26	118.64	116.12	113.69	
	0.49	122.27	119.38	116.61	113.95	111.40	108.96	106.61	
	0.53	115.50	112.68	109.99	107.41	104.93	102.56	100.28	
	0.57	109.39	106.64	104.02	101.51	99.11	96.81	94.60	
	0.61	103.83	101.16	98.61	96.17	93.84	91.61	89.47	

### WACC vs. CV Year ROIC

This table compares the weighted average cost of capital to the CV Year (2028) return on invested capital (ROIC). This table creates a range of prices from \$95.76-\$147.53. We noticed that WACC and ROIC have an inverse relationship; price goes up when WACC decreases and ROIC increases. This is very logical as the cost of capital increasing would likely add to lesser returns on invested capital.

		WACC							
		113.95	5.01%	5.21%	5.41%	5.61%	5.81%	6.01%	6.21%
CV Year ROIC	9.11%	140.15	128.93	119.25	110.82	103.41	96.85	90.99	
	9.36%	141.55	130.21	120.43	111.92	104.43	97.80	91.89	
	9.61%	142.87	131.42	121.56	112.96	105.41	98.71	92.75	
	9.86%	144.12	132.58	122.62	113.95	106.33	99.58	93.56	
	10.11%	145.31	133.67	123.63	114.89	107.20	100.40	94.33	
	10.36%	146.45	134.71	124.60	115.78	108.04	101.18	95.06	
	10.61%	147.53	135.71	125.52	116.64	108.83	101.92	95.76	

### Risk Free Rate vs CV Growth of NOPLAT

In this sensitivity table, we wanted to see the impact of changes in risk free rate and CV growth of NOPLAT. Risk free rate is necessary for finding our cost of equity and WACC, which ultimately determines our valuation for our DCF and EP models. CV growth of NOPLAT is also a necessary component in determining our valuation for those two models as well. We noticed that with this table, Walmart's stock value is at its highest when the risk-free rate is lower and CV growth of NOPLAT is higher.

		Risk Free Rate							
		113.95	3.12%	3.27%	3.42%	3.57%	3.72%	3.87%	4.02%
CV Growth of NOPL	2.05%	120.50	115.20	110.30	105.76	101.55	97.63	93.97	
	2.20%	124.01	118.32	113.08	108.25	103.78	99.63	95.76	
	2.35%	127.89	121.76	116.14	110.97	106.20	101.80	97.71	
	2.50%	132.20	125.55	119.50	113.95	108.86	104.16	99.82	
	2.65%	137.01	129.78	123.21	117.23	111.77	106.74	102.12	
	2.80%	142.42	134.50	127.35	120.87	114.97	109.58	104.63	
	2.95%	148.55	139.81	131.97	124.91	118.52	112.71	107.39	

### Marginal Tax Rate vs. Pre-Tax Cost of Debt

Next, we examined how changes in marginal tax rate and pre-tax cost of debt impact the stock price. Both values are factors in Walmart's market value of debt which is a much smaller portion of their overall market value at 12.27%. These are still important factors to look at due to their overall impact on the WACC which, as mentioned before, is a crucial part of the valuation process. This table displays that when both marginal tax rate and pre-tax cost of debt are lower, the stock price increases.

		Marginal Tax Rate							
		113.95	19.33%	21.33%	23.33%	25.33%	27.33%	29.33%	31.33%
Pre-Tax Cost of Debt	3.55%	129.92	125.22	120.33	115.25	109.98	104.51	98.84	
	3.75%	129.32	124.67	119.84	114.81	109.60	104.18	98.57	
	3.95%	128.73	124.13	119.35	114.38	109.22	103.85	98.29	
	4.15%	128.15	123.60	118.87	113.95	108.84	103.53	98.02	
	4.35%	127.57	123.08	118.40	113.53	108.47	103.21	97.75	
	4.55%	127.00	122.56	117.93	113.11	108.10	102.89	97.49	
	4.75%	126.44	122.04	117.46	112.69	107.74	102.58	97.23	

### SG&A as a % of Total Revenues vs. COS as a % of Total Revenues

In this sensitivity table, we looked at two of Walmart's most important factors in operations, cost of sales and selling, general, and administrative expenses. These two expenses account for over 95% of their expenses this most recent fiscal year, and their cost of sales is especially crucial to their valuation as their cost of sales is very high, and their margins are very low. Due to this dynamic, the range of values in this table was by far the greatest, ranging from \$38.33-\$189.51. For Walmart's value to increase it is best, that their selling, general, and administrative expenses decrease as well as their cost of sales.

		SG&A as a % of Total Revenues							
		113.95	20.35%	20.50%	20.65%	20.80%	20.95%	21.10%	21.25%
COS as % of Total Revenue	75.69%	189.51	176.65	163.90	151.34	138.77	126.20	113.61	
	75.84%	176.77	164.01	151.45	138.89	126.31	113.73	101.13	
	75.99%	164.13	151.57	139.00	126.42	113.84	101.24	88.63	
	76.14%	151.68	139.11	126.54	113.95	101.35	88.74	76.11	
	76.29%	139.22	126.65	114.06	101.47	88.85	76.22	63.56	
	76.44%	126.76	114.18	101.58	88.97	76.33	63.67	50.97	
	76.59%	114.29	101.69	89.08	76.44	63.78	51.08	38.33	

### Dividend Yield vs. Cost of Equity

Dividend yield and cost of equity were the next two factors we looked at in a sensitivity table. This table was the least sensitive table out of all the ones we tested with a very small range of stock values from \$113.61-\$114.28. We wanted to see the effects of these two as they are both important for the DDM model. What we noticed from this table is that stock price is higher when dividend yield is lower, and cost of equity is higher.

		Dividend Yield							
		113.95	0.89%	1.14%	1.39%	1.64%	1.89%	2.14%	2.39%
Cost of Equity	3.71%	113.61	113.57	113.53	113.48	113.44	113.39	113.35	
	4.46%	113.77	113.73	113.68	113.64	113.59	113.55	113.50	
	5.21%	113.93	113.88	113.84	113.80	113.75	113.71	113.66	
	5.96%	114.08	114.04	114.00	113.95	113.91	113.86	113.82	
	6.71%	114.24	114.19	114.15	114.11	114.06	114.02	113.97	
	7.46%	114.39	114.35	114.30	114.26	114.22	114.17	114.13	
	8.21%	114.54	114.50	114.46	114.41	114.37	114.33	114.28	

### Important Disclaimer

This report was created by students enrolled in the Applied Equity Valuation (FIN:4250) course at the University of Iowa. The report was originally created to offer an internal investment recommendation for the University of Iowa Krause Fund and its advisory board. The report also provides potential employers and other interested parties with an example of the students' skills, knowledge and abilities. Members of the Krause Fund are not registered investment advisors, brokers or officially licensed financial professionals. The investment advice contained in this report does not represent an offer or solicitation to buy or sell any of the securities mentioned. Unless otherwise noted, facts and figures included in this report are from publicly available sources. This report is not a complete compilation of data, and its accuracy is not guaranteed. From time to time, the University of Iowa, its faculty, staff, students, or the Krause Fund may hold a financial interest in the companies mentioned in this report.



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<b>Walmart Inc.</b>								
<i>Revenue Decomposition</i>								
<i>(Amount in millions, except unit counts and average sq. ft)</i>								
<b>Fiscal Years Ending Jan. 31</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028CV</b>
Walmart International	121,360	100,959	100,983	99,117	97,259	95,408	93,564	91,726
Sam's Club with Fuel	63,910	73,556	84,345	91,565	99,402	107,911	117,147	127,175
Membership and other income	3,918	4,992	5,408	5,752	6,118	6,508	6,922	7,362
<b>Total Walmart Inc. Net Revenue</b>	<b>\$ 559,151</b>	<b>\$ 572,754</b>	<b>\$ 611,289</b>	<b>\$ 647,785</b>	<b>\$ 687,190</b>	<b>\$ 729,724</b>	<b>\$ 775,623</b>	<b>\$ 825,143</b>
<b>Percentage of Total Revenues</b>								
Walmart US	66.17%	68.66%	68.80%	69.68%	70.49%	71.25%	71.94%	72.58%
Walmart International	21.70%	17.63%	16.52%	15.30%	14.15%	13.07%	12.06%	11.12%
Sam's Club with Fuel	11.43%	12.84%	13.80%	14.14%	14.47%	14.79%	15.10%	15.41%
Membership and other income	0.70%	0.87%	0.88%	0.89%	0.89%	0.89%	0.89%	0.89%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>Revenue Growth %</b>								
Walmart US	8.5%	0.1%	6.94%	7.32%	7.32%	7.33%	7.33%	7.33%
Walmart International	1.0%	-16.8%	0.02%	-1.85%	-1.87%	-1.90%	-1.93%	-1.96%
Sam's Club with Fuel	8.7%	15.1%	14.67%	8.56%	8.56%	8.56%	8.56%	8.56%
Membership and other income	-3.0%	27.4%	8.33%	6.36%	6.36%	6.36%	6.36%	6.36%
<b>Total</b>	<b>6.70%</b>	<b>2.40%</b>	<b>6.73%</b>	<b>5.97%</b>	<b>6.08%</b>	<b>6.19%</b>	<b>6.29%</b>	<b>6.38%</b>
<b>Walmart US Square Footage</b>								
<i>Supercenters</i>								
Numbers of Centers	3,570	3,573	3,572	3,575	3,578	3,581	3,584	3,587
<b>Total Square Feet (thousands)</b>	<b>634,154</b>	<b>634,754</b>	<b>634,615</b>	<b>635,151</b>	<b>635,687</b>	<b>636,224</b>	<b>636,762</b>	<b>637,299</b>
<b>Discount Stores</b>								
Numbers of Stores	374	370	364	359	354	349	344	339
Total Square Feet (thousands)	39,464	38,947	38,226	37,692	37,165	36,646	36,134	35,629
<b>Neighborhood and other Small Formats</b>								
Numbers of Stores	799	799	781	781	781	780	780	780
Total Square Feet (thousands)	29,414	29,295	28,885	28,877	28,870	28,862	28,854	28,847
<b>Total US Segments</b>								
Numbers of Stores	4,743	4,742	4,717	4,715	4,713	4,710	4,708	4,706
Total Square Feet (thousands)	703,032	702,996	701,726	701,720	701,722	701,732	701,750	701,775
<b>Average Retail Square Ft</b>								
Supercenters (general merchandise and grocery)	177,634	177,653	177,664	177,664	177,665	177,665	177,666	177,666
Discount stores (general merchandise and limited grocery)	105,519	105,262	105,016	105,016	105,017	105,017	105,017	105,017
Neighborhoodmarkets (grocery)	36,814	36,665	36,985	36,984	36,984	36,984	36,984	36,983
<b>US Segment Average Sales per square foot</b>	<b>\$ 0.53</b>	<b>\$ 0.56</b>	<b>\$ 0.60</b>	<b>\$ 0.64</b>	<b>\$ 0.69</b>	<b>\$ 0.74</b>	<b>\$ 0.80</b>	<b>\$ 0.85</b>
<b>Walmart International</b>								
Unit total	6,101	5,251	5,306	5,069	4,842	4,626	4,419	4,221
Total Square Foot	337,273	277,125	273,450	259,873	246,903	234,512	222,676	211,369
Walmart International Average Square Footage	55,282	52,776	51,536	51,269	50,990	50,697	50,391	50,071
Walmart International Average Sale per sq foot	\$ 0.36	\$ 0.36	\$ 0.37	\$ 0.38	\$ 0.39	\$ 0.41	\$ 0.42	\$ 0.43
<b>Sam's Club</b>								
Total Sam's Club Stores	599	600	600	601	601	601	601	602
Square feet (thousands)	80,239	80,351	80,351	80,351	80,351	80,351	80,351	80,351
<b>Sam's Club Average Sales per sq ft</b>	<b>\$ 0.80</b>	<b>\$ 0.92</b>	<b>\$ 1.05</b>	<b>\$ 1.14</b>	<b>\$ 1.24</b>	<b>\$ 1.34</b>	<b>\$ 1.46</b>	<b>\$ 1.58</b>
<b>Membership</b>	<b>39.18</b>	<b>49.92</b>	<b>53.10</b>	<b>56.48</b>	<b>60.07</b>	<b>63.89</b>	<b>67.96</b>	<b>72.29</b>

<b>Walmart Inc.</b>								
<i>Income Statement</i>								
<i>(Amount in millions)</i>								
<i>Fiscal Years Ending Jan. 31</i>	2021	2022	2023	2024E	2025E	2026E	2027E	2028CV
<b>Revenue</b>								
Net Sales	\$ 555,233	\$ 567,762	605881	642033	681072	723216	768702	817781
Membership and other income	3,918	4,992	5408	5752	6118	6508	6922	7362
Total revenues	559,151	572,754	611,289	647,785	687,190	729,724	775,623	825,143
<b>Costs and Expenses</b>								
Cost of sales	420,315	429,000	463,721	488,851	518,576	550,665	585,298	622,668
Depreciation & Amortization	11,152	10,658	10,945	10,733	10,812	10,883	10,946	11,002
Operating, selling, and general and administrative expenses	116,288	117,812	127,140	134,731	142,926	151,773	161,319	171,619
Operating Income	22,548	25,942	20,428	24,203	25,688	27,286	29,006	30,857
<b>Interest</b>								
Debt	1,976	1,674	1,787	1,438	1,501	1,592	1,655	1,764
Finance Lease	339	320	341	201	194	196	197	198
Interest Income	(121)	(158)	(254)	1,285	1,278	1,658	2,418	3,117
Interest, net	(2,194)	(1,836)	(1,874)	(2,924)	(2,974)	(3,446)	(4,269)	(5,079)
Loss of extinguishment of debt	-	(2,410)	-	-	-	-	-	-
Other (gains) and losses	210	(3,000)	1,538	-	-	-	-	-
<b>Income before income taxes</b>	20,564	18,696	17,016	21,279	22,714	23,840	24,737	25,778
Provision for income taxes	6,858	4,756	5,724	5,389	5,752	6,037	6,265	6,528
<b>Consolidated net income</b>	13,706	13,940	11,292	15,890	16,962	17,803	18,472	19,250
Consolidated net income attributable to noncontrolling interest	-196	-267	388	(612)	(654)	(686)	(712)	(742)
<b>Consolidated net income attributable to Walmart Inc.</b>	\$ 13,510	\$ 13,673	11,680	15,278	16,308	17,117	17,761	18,508
Net income per common share:								
Basic net income per share attributable to Walmart	\$ 4.77	\$ 4.90	4.29	5.67	6.17	6.60	6.99	7.42
Year end shares outstanding	2821	2761	2,724	2,669	2,617	2,566	2,518	2,471
Weighted-average common shares outstanding:								
Basic	2,831	2,792	2,724	2,697	2,643	2,591	2,542	2,495
Dividends declared per common share	\$ 2.16	\$ 2.20	\$ 2.24	\$ 2.28	\$ 2.32	\$ 2.36	\$ 2.40	\$ 2.44

<b>Walmart Inc.</b>								
<i>Balance Sheet</i>								
<i>(Amount in millions)</i>								
<i>Fiscal Years Ending Jan. 31</i>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028CV</b>
<b>ASSETS</b>								
<b>Current Assets:</b>								
Cash and cash equivalents	17,741	14,760	8,625	8,578	11,130	16,227	20,917	27,225
Receivables, net	6,516	8,280	7,933	9,081	9,591	8,512	9,315	9,258
Inventories	44,949	56,511	56,576	57,968	61,495	65,301	69,408	73,840
Prepaid expenses and other	20,861	1,519	2,521	2,943	3,122	3,315	3,524	3,749
<b>Total Current Assets</b>	<b>90,067</b>	<b>81,070</b>	<b>75,655</b>	<b>78,570</b>	<b>85,337</b>	<b>93,355</b>	<b>103,163</b>	<b>114,072</b>
Property and equipment, net	92,201	94,515	100,760	101,502	102,165	102,758	103,287	103,760
Operating lease right-of-use assets	13,642	13,758	13,555	13,655	13,744	13,824	13,895	13,959
Finance lease right-of-use asset, net	4,005	4,351	4,919	4,955	4,988	5,017	5,042	5,065
Goodwill	28,983	29,014	28,174	29,014	29,014	29,014	29,014	29,014
Other long-term assets	23,598	22,152	20,134	23,156	25,129	27,434	30,087	33,156
<b>Total Assets</b>	<b>252,496</b>	<b>244,860</b>	<b>243,197</b>	<b>250,852</b>	<b>260,377</b>	<b>271,401</b>	<b>284,488</b>	<b>299,026</b>
<b>LIABILITIES AND EQUITY</b>								
<b>Current liabilities:</b>								
Short-term borrowing	224	410	372	3,105	3,292	3,421	3,648	3,852
Accounts Payable	49,141	55,261	53,742	56,168	59,585	63,273	67,252	71,546
Accrued Liabilities	37,966	26,060	31,126	29,173	30,947	32,863	34,930	37,160
Accrued income taxes	242	851	727	649	693	727	755	787
Long-term debt due in one year	3,115	2,803	4,191	2,500	1,500	1,250	483	-
Operating lease obligations due within one year	1,466	1,483	1,473	2,116	2,077	1,917	1,735	1,556
Finance lease obligations due within one year	491	511	567	834	774	712	638	545
<b>Total Current Liabilities</b>	<b>92,645</b>	<b>87,379</b>	<b>92,198</b>	<b>94,545</b>	<b>98,868</b>	<b>104,163</b>	<b>109,442</b>	<b>115,446</b>
Long-term debt	41,194	34,864	34,649	36,180	38,359	39,869	42,515	44,893
Long-term operating lease obligations	12,909	13,009	12,828	12,911	12,996	13,071	13,139	13,199
Long-term finance lease obligation	3,847	4,243	4,843	4,685	4,716	4,743	4,768	4,790
Deferred income taxes and other	14,370	13,474	14,688	15,345	16,046	16,781	17,545	18,341
Commitments and contingencies	-	-	-	-	-	-	-	-
<b>Equity:</b>								
Common Equity	3,928	5,115	5,238	6,187	7,137	8,086	9,035	9,985
Retained Earnings	88,763	86,904	83,135	83,677	85,859	89,417	94,147	100,127
Accumulated other comprehensive loss	(11,766)	(8,766)	(11,680)	(10,589)	(12,167)	(13,980)	(16,063)	(18,456)
<b>Total Walmart shareholders' equity</b>	<b>80,925</b>	<b>83,253</b>	<b>76,693</b>	<b>79,275</b>	<b>80,829</b>	<b>83,523</b>	<b>87,119</b>	<b>91,655</b>
Noncontrolling interest	6,606	8,638	7,298	7,910	8,564	9,250	9,961	10,703
<b>Total Equity</b>	<b>87,531</b>	<b>91,891</b>	<b>83,991</b>	<b>87,185</b>	<b>89,393</b>	<b>92,773</b>	<b>97,081</b>	<b>102,358</b>
<b>Total Liabilities and Equity</b>	<b>252,496</b>	<b>244,860</b>	<b>243,197</b>	<b>250,852</b>	<b>260,377</b>	<b>271,401</b>	<b>284,488</b>	<b>299,026</b>

<b>Walmart Inc.</b>					
<i>Historical Cash Flow Statement</i>					
<i>(Amount in millions)</i>					
<i>Fiscal Years Ending Jan. 31</i>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Cash flows from Operating Activities</b>					
Consolidated net income	7,179	\$ 15,201	\$ 13,706	\$ 13,940	11,292
Adjustments to reconcile consolidated net income to net cash provided by operating activities:	-	-	-	-	-
Depreciation and Amortization	10,678	10,987	11,152	10,658	10,945
Net unrealized and realized (gains) and losses	3,516	-	(8,589)	2,440	1,683
Losses on disposal of business operations	4,850	15	8,401	433	0
Asda pension contribution	-	(1,036)	-	-	0
Deferred income taxes	(499)	320	1,911	(755)	449
Loss on extinguishment of debt	-	-	-	2,410	0
Other operating activities	1,734	1,981	1,521	1,652	1,919
Changes in certain assets and liabilities, net of effects of acquisitions and dispositions:					
Receivables, net	(368)	154	(1,086)	(1,796)	240
Inventories	(1,311)	(300)	(2,395)	(11,764)	-528
Accounts Payable	1,831	(274)	6,966	5,520	-1425
Accrued liabilities	183	186	4,623	1,404	4,393
Accrued income taxes	(40)	(93)	(136)	39	-127
<b>Net Cash Flows from Operating Activities</b>	<b>27,753</b>	<b>25,255</b>	<b>36,074</b>	<b>24,181</b>	<b>28,841</b>
<b>Cash flows from Investing Activities</b>					
Payments from property and equipment	(10,344)	(10,705)	(10,264)	(13,106)	-16,857
Proceeds from the disposal of property and equipment	519	321	215	394	170
Proceeds from disposal of certain operations, net of divested cash	876	833	56	7,935	0
Purchase of available for sale securities	-	-	-	-	-
Payments for business acquisitions, net of cash acquired	(14,656)	(56)	(180)	(359)	-740
Other investing activities	(431)	479	102	(879)	-295
<b>Net Cash Flows used for Investing Activities</b>	<b>(24,036)</b>	<b>(9,128)</b>	<b>(10,071)</b>	<b>(6,015)</b>	<b>-17,722</b>
<b>Cash flows from Financing Activities</b>					
Net change in short-term borrowings	(53)	(4,656)	(324)	193	-34
Proceeds from issuance of long-term debt	15,872	5,492	-	6,945	5041
Repayments of long-term debt	(3,784)	(1,907)	(5,382)	(13,010)	-2,689
Premiums paid to extinguish debt	-	-	-	(2,317)	0
Dividends paid	(6,102)	(6,048)	(6,116)	(6,152)	-6,114
Purchase of Company stock	(7,410)	(5,717)	(2,625)	(9,787)	-9,920
Dividends paid to noncontrolling interest	(431)	(555)	(434)	(424)	-444
Sale of subsidiary stock	-	-	-	3,239	66
Purchase of noncontrolling interest	-	-	-	-	-827
Other financing activities	(629)	(908)	(1,236)	(1,515)	-2118
<b>Net Cash Flows from Financing Activities</b>	<b>(2,537)</b>	<b>(14,299)</b>	<b>(16,117)</b>	<b>(22,828)</b>	<b>-17,039</b>
Effect of exchange rates on cash, cash equivalents and restricted cash	(438)	(69)	235	(140)	(\$73.00)
Net increase (decrease) in cash, cash equivalents and restricted cash	742	1,759	10,121	(4,802)	-5993
Change in cash and cash equivalents reclassified from (to) assets held for sale	-	-	(1,848)	1,848	0
<b>Cash, Cash Equivalents and Restricted Cash at beginning of year</b>	<b>7,014</b>	<b>7,756</b>	<b>9,515</b>	<b>17,788</b>	<b>14,834</b>
<b>Cash, Cash Equivalents and Restricted Cash at end of year</b>	<b>7,756</b>	<b>9,515</b>	<b>17,788</b>	<b>14,834</b>	<b>8,841</b>

<b>Walmart Inc.</b>					
<i>Forecasted Cash Flow Statement</i>					
<i>(Amount in millions)</i>					
<b>Fiscal Years Ending Jan. 31</b>					
	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027</b>	<b>2028CV</b>
<b>Net Cash flows from Operating Activities</b>					
Consolidated net income	\$ 15,890	\$ 16,962	\$ 17,803	\$ 18,472	\$ 19,250
Adjustments to reconcile consolidated net income to net cash provided by operating activities:					
Deprecation and Amortization	10,733	10,812	10,883	10,946	11,002
Changes in Working Capital Accounts					
Changes in Accounts Receivables, Net	-1148	-510	1079	-803	56
Changes in Inventories	-1392	-3526	-3806	-4107	-4431
Changes Prepaid Expense & Others	-422	-179	-193	-209	-225
Changes in Accounts Payable	2426	3417	3688	3980	4294
Changes in Accrued Liabilities	-1953	1775	1915	2067	2230
Changes in Accrued Income Taxes	-78	44	34	27	32
Changes in Deferred Income taxes and O	657	701	736	763	796
<b>Cash Flows From Operating Activities</b>	<b>\$ 24,713</b>	<b>\$ 29,495</b>	<b>\$ 32,138</b>	<b>\$ 31,137</b>	<b>\$ 33,003</b>
<b>Net Cash flows from Investing Activities</b>					
Changes in Operating Lease ROU	-100	-89	-80	-71	-64
Changes in Finance Lease ROU	-36	-32	-29	-26	-23
Change in Net PPE(CapEx)	-11475	-11475	-11475	-11475	-11475
Capitalization of Intangible Assets (Goodwill)	-840	0	0	0	0
Change in Other Assets	(3,022)	(1,973)	(2,305)	(2,653)	(3,070)
<b>Cash Flows Used for Investing Activities</b>	<b>\$ (15,473)</b>	<b>\$ (13,570)</b>	<b>\$ (13,889)</b>	<b>\$ (14,225)</b>	<b>\$ (14,632)</b>
<b>Net Cash Flows from Financing Activities</b>					
Change in Noncontrolling Interest Shares repurchase	612	654	686	712	742
Changes in Short Term Borrowing	2733	187	130	227	204
Long-term debt due in one year	-1,691	-1,000	-250	-767	-483
Operating lease obligations due within one year	643	-39	-160	-182	-179
Finance lease obligations due within one year	267	-60	-62	-74	-93
Change in Long Term Debt	1,531	2,179	1,510	2,646	2,378
Changes in Operating Lease Obligation	83	84	75	67	60
Changes in Financing Lease Obligation	-158	31	27	24	22
Changes in Common Equity	949	949	949	949	949
Changes in Accumulated other Comprehensive Income	1,091	-1,578	-1,813	-2,083	-2,393
Payment of dividends	(6,148)	(6,132)	(6,116)	(6,101)	(6,087)
Repurchases of Shares	-9200	-8648	-8129	-7641	-7183
<b>Cash Flows from Financing Activities</b>	<b>\$ (9,287)</b>	<b>\$ (13,373)</b>	<b>\$ (13,152)</b>	<b>\$ (12,222)</b>	<b>\$ (12,063)</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(47)</b>	<b>2,552</b>	<b>5,097</b>	<b>4,690</b>	<b>6,308</b>
<b>Cash, Cash Equivalents and Restricted Cash at beginning of year</b>	<b>8,625</b>	<b>8,578</b>	<b>11,130</b>	<b>16,227</b>	<b>20,917</b>
<b>Cash, Cash Equivalents and Restricted Cash at end of year</b>	<b>\$ 8,578</b>	<b>\$ 11,130</b>	<b>\$ 16,227</b>	<b>\$ 20,917</b>	<b>\$ 27,225</b>

<b>Walmart Inc.</b>									
<i>Common Size Income Statement</i>									
<b>Fiscal Years Ending Jan. 31</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028CV</b>
<b>Revenue</b>									
Net Sales	99.23%	99.30%	99.13%	99.12%	99.11%	99.11%	99.11%	99.11%	99.11%
Membership and other income	0.77%	0.70%	0.87%	0.88%	0.89%	0.89%	0.89%	0.89%	0.89%
Total revenues	100.00%	100.00%	100%	100%	100%	100%	100%	100%	100.00%
<b>Costs and Expenses</b>									
Cost of sales	75.31%	75.17%	74.90%	75.86%	75.47%	75.46%	75.46%	75.46%	75.46%
Depreciation & Amortization	2.10%	1.99%	1.86%	1.79%	1.66%	1.57%	1.49%	1.41%	1.33%
Operating, selling, and general and administrative expenses	20.76%	20.80%	20.57%	20.80%	20.80%	20.80%	20.80%	20.80%	20.80%
Operating Income	3.93%	4.03%	4.53%	3.34%	3.74%	3.74%	3.74%	3.74%	3.74%
<b>Interest</b>									
Debt	0.43%	0.35%	0.29%	0.29%	0.22%	0.22%	0.22%	0.21%	0.21%
Finance Lease	0.06%	0.06%	0.06%	0.06%	0.03%	0.03%	0.03%	0.03%	0.02%
Interest Income	-0.04%	-0.02%	-0.03%	-0.04%	0.20%	0.19%	0.23%	0.31%	0.38%
Interest, net	-0.46%	-0.39%	-0.32%	-0.31%	-0.45%	-0.43%	-0.47%	-0.55%	-0.62%
Loss of extinguishment of debt	0.00%	0.00%	-0.42%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other (gains) and losses	0.37%	0.04%	-0.52%	0.25%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Income before income taxes</b>	<b>3.84%</b>	<b>3.68%</b>	<b>3.26%</b>	<b>2.78%</b>	<b>3.28%</b>	<b>3.31%</b>	<b>3.27%</b>	<b>3.19%</b>	<b>3.12%</b>
Provision for income taxes	0.94%	1.23%	0.83%	0.94%	0.83%	0.84%	0.83%	0.81%	0.79%
<b>Consolidated net income</b>	<b>2.90%</b>	<b>2.45%</b>	<b>2.43%</b>	<b>1.97%</b>	<b>2.77%</b>	<b>2.96%</b>	<b>3.11%</b>	<b>3.23%</b>	<b>2.33%</b>
Consolidated net income attributable to noncontrolling interest	-0.06%	-0.04%	-0.05%	0.06%	-0.09%	-0.10%	-0.09%	-0.09%	-0.09%
<b>Consolidated net income attributable to Walmart Inc.</b>	<b>2.84%</b>	<b>2.42%</b>	<b>2.39%</b>	<b>1.91%</b>	<b>2.36%</b>	<b>2.37%</b>	<b>2.35%</b>	<b>2.29%</b>	<b>2.24%</b>

<b>Walmart Inc.</b>									
<i>Common Size Balance Sheet</i>									
<b>Fiscal Years Ending Jan. 31</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028CV</b>
<b>ASSETS</b>									
<b>Current Assets:</b>									
Cash and cash equivalents	1.81%	3.17%	2.58%	1.41%	1.32%	1.62%	2.22%	2.70%	3.30%
Receivables, net	1.20%	1.17%	1.45%	1.30%	1.40%	1.40%	1.17%	1.20%	1.12%
Inventories	8.48%	8.04%	9.87%	9.26%	8.95%	8.95%	8.95%	8.95%	8.95%
Prepaid expenses and other	0.31%	3.73%	0.27%	0.41%	0.45%	0.45%	0.45%	0.45%	0.45%
<b>Total Current Assets</b>	<b>11.80%</b>	<b>16.11%</b>	<b>14.15%</b>	<b>12.38%</b>	<b>12.13%</b>	<b>12.42%</b>	<b>12.79%</b>	<b>13.30%</b>	<b>13.82%</b>
Property and equipment, net									
Operating lease right-of-use assets	20.08%	16.49%	16.50%	16.48%	15.67%	14.87%	14.08%	13.32%	12.57%
Finance lease right-of-use asset, net	3.33%	2.44%	2.40%	2.22%	2.11%	2.00%	1.89%	1.79%	12.57%
Goodwill	0.84%	0.72%	0.76%	0.80%	2.11%	2.00%	1.89%	1.79%	1.69%
Other long-term assets	3.16%	4.22%	3.87%	3.29%	4.48%	4.22%	3.98%	3.74%	3.52%
<b>Total Assets</b>	<b>45.14%</b>	<b>45.16%</b>	<b>42.75%</b>	<b>39.78%</b>	<b>38.72%</b>	<b>37.89%</b>	<b>37.19%</b>	<b>36.68%</b>	<b>36.24%</b>
<b>LIABILITIES AND EQUITY</b>									
<b>Current liabilities:</b>									
Short-term borrowing	0.11%	0.04%	0.07%	0.06%	0.48%	0.48%	0.47%	0.47%	0.47%
Accounts Payable	8.96%	8.79%	9.65%	8.79%	8.67%	8.67%	8.67%	8.67%	8.67%
Accrued Liabilities	4.26%	6.79%	4.55%	5.09%	4.50%	4.50%	4.50%	4.50%	4.50%
Accrued income taxes	0.05%	0.04%	0.15%	0.12%	0.10%	0.10%	0.10%	0.10%	0.10%
Long-term debt due in one year	1.02%	0.56%	0.49%	0.69%	0.39%	0.22%	0.17%	0.06%	0.00%
Operating lease obligations due within one year	0.34%	0.26%	0.26%	0.24%	0.33%	0.30%	0.26%	0.22%	0.19%
Finance lease obligations due within one year	0.10%	0.09%	0.09%	0.09%	0.13%	0.11%	0.10%	0.08%	0.07%
<b>Total Current Liabilities</b>	<b>14.85%</b>	<b>16.57%</b>	<b>15.26%</b>	<b>15.08%</b>	<b>14.60%</b>	<b>14.39%</b>	<b>14.27%</b>	<b>14.11%</b>	<b>13.99%</b>
Long-term debt	8.34%	7.37%	6.09%	5.67%	5.59%	5.58%	5.46%	5.48%	5.44%
Long-term operating lease obligations	3.09%	2.31%	2.27%	2.10%	1.99%	1.89%	1.79%	1.69%	1.60%
Long-term finance lease obligation	0.82%	0.69%	0.74%	0.79%	0.72%	0.69%	0.65%	0.61%	0.58%
Deferred income taxes and other	2.47%	2.57%	2.35%	2.40%	2.37%	2.33%	2.30%	2.26%	2.22%
Commitments and contingencies	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Equity:</b>									
Common Equity	0.67%	0.70%	0.89%	0.86%	0.96%	1.04%	1.11%	1.16%	1.21%
Retained Earnings	16.02%	15.87%	15.17%	13.60%	12.92%	12.49%	12.25%	12.14%	12.13%
Accumulated other comprehensive loss	-2.44%	-2.10%	-1.53%	-1.91%	-1.63%	-1.77%	-1.92%	-2.07%	-2.24%
<b>Total Walmart shareholders' equity</b>	<b>14.25%</b>	<b>14.47%</b>	<b>14.54%</b>	<b>12.55%</b>	<b>12.24%</b>	<b>11.76%</b>	<b>11.45%</b>	<b>11.23%</b>	<b>11.11%</b>
Noncontrolling interest	1.31%	1.18%	1.51%	1.19%	1.22%	1.25%	1.27%	1.28%	1.30%
<b>Total Equity</b>	<b>15.56%</b>	<b>15.65%</b>	<b>16.04%</b>	<b>13.74%</b>	<b>13.46%</b>	<b>13.01%</b>	<b>12.71%</b>	<b>12.52%</b>	<b>12.40%</b>
<b>Total Liabilities and Equity</b>	<b>45.14%</b>	<b>45.16%</b>	<b>42.75%</b>	<b>39.78%</b>	<b>38.72%</b>	<b>37.89%</b>	<b>37.19%</b>	<b>36.68%</b>	<b>36.24%</b>



<b>Walmart Inc.</b>								
<i>Value Driver Estimation</i>								
<i>(Amount in millions)</i>								
<b>Fiscal Years Ending Jan. 31</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028CV</b>
Less: Cost of Sales	420,315	429,000	463,721	488,851	518,576	550,665	585,298	622,668
Less: Operating & SG&A expenses	116,288	117,812	127,140	134,731	142,926	151,773	161,319	171,619
Less: Depreciation & Amortization Expense	11,152	10,658	10,945	10,733	10,812	10,883	10,946	11,002
Add: Implied Interest on Operating Leases	566	571	563	567	570	574	577	579
<b>EBITA</b>	<b>11,962</b>	<b>15,855</b>	<b>10,046</b>	<b>14,037</b>	<b>15,446</b>	<b>16,977</b>	<b>18,637</b>	<b>20,434</b>
<b>Less Adjusted Taxes</b>								
Tax provision	6,858	4,756	5,724	5,389	5,752	6,037	6,265	6,528
Less: Tax on Interest Income	(527)	(465)	(475)	(741)	(753)	(873)	(1,081)	(1,286)
Add: Tax on Implied Lease Interest	136	144	142	144	144	145	146	147
Add: Tax Shield on Debt	474	424	453	364	380	403	419	447
Add: Tax Shield on Financing Lease	81	81	86	51	49	50	50	50
Less: Tax on Gain (Loss) on Debt Extinguish	-	(610)	-	-	-	-	-	-
Add: Tax Shield on Non-Operating Gains	50	(759)	389	-	-	-	-	-
<b>Adjusted Taxes</b>	<b>7,073</b>	<b>3,572</b>	<b>6,320</b>	<b>5,207</b>	<b>5,573</b>	<b>5,763</b>	<b>5,798</b>	<b>5,886</b>
<b>Plus: Change in Deferred Taxes</b>	<b>1,409</b>	<b>(896)</b>	<b>1,214</b>	<b>657</b>	<b>701</b>	<b>736</b>	<b>763</b>	<b>796</b>
<b>NOPLAT</b>	<b>6,298</b>	<b>11,387</b>	<b>4,939</b>	<b>9,487</b>	<b>10,574</b>	<b>11,950</b>	<b>13,602</b>	<b>15,344</b>
<b>Invested Capital (IC):</b>								
<b>Operating Current Assets</b>								
Normal cash	17,741	14,760	11,428	12,110	12,847	13,642	14,500	15,426
Accounts Receivables, Net	6,516	8,280	7,933	9,081	9,591	8,512	9,315	9,258
Inventory	44,949	56,511	56,576	57,968	61,495	65,301	69,408	73,840
Prepaid Expenses & Other	20,861	1,519	2,521	2,943	3,122	3,315	3,524	3,749
<b>Operating Currents Assets</b>	<b>90,067</b>	<b>81,070</b>	<b>78,458</b>	<b>82,103</b>	<b>87,054</b>	<b>90,770</b>	<b>96,747</b>	<b>102,273</b>
<b>Operating Current Liabilities</b>								
Accounts Payable	49,141	55,261	53,742	56,168	59,585	63,273	67,252	71,546
Accrued Expenses	37,966	26,060	31,126	29,173	30,947	32,863	34,930	37,160
Accrued Income Taxes	242	851	727	649	693	727	755	787
<b>Operating Current Liabilities</b>	<b>87,349</b>	<b>82,172</b>	<b>85,595</b>	<b>85,990</b>	<b>91,225</b>	<b>96,863</b>	<b>102,937</b>	<b>109,493</b>
<b>Net Operating Working Capital</b>	<b>2,718</b>	<b>(1,102)</b>	<b>(7,137)</b>	<b>(3,887)</b>	<b>(4,171)</b>	<b>(6,093)</b>	<b>(6,190)</b>	<b>(7,220)</b>
<b>Plus Net PPE</b>	<b>92,201</b>	<b>94,515</b>	<b>100,760</b>	<b>101,502</b>	<b>102,165</b>	<b>102,758</b>	<b>103,287</b>	<b>103,760</b>
<b>Plus: PV of Operating Leases</b>	<b>13,642</b>	<b>13,758</b>	<b>13,555</b>	<b>13,655</b>	<b>13,744</b>	<b>13,824</b>	<b>13,895</b>	<b>13,959</b>
<b>Plus: Other Operating Assets</b>	<b>23,598</b>	<b>22,152</b>	<b>20,134</b>	<b>23,156</b>	<b>25,129</b>	<b>27,434</b>	<b>30,087</b>	<b>33,156</b>
<b>Invested Capital (IC)</b>	<b>132,159</b>	<b>129,323</b>	<b>127,312</b>	<b>134,425</b>	<b>136,867</b>	<b>137,923</b>	<b>141,078</b>	<b>143,655</b>
<b>Free Cash Flow (FCF):</b>								
NOPLAT	6,298	11,387	4,939	9,487	10,574	11,950	13,602	15,344
Change in IC	703	(2,836)	(2,011)	7,113	2,442	1,055	3,156	2,576
<b>FCF</b>	<b>5,595</b>	<b>14,223</b>	<b>6,950</b>	<b>2,373</b>	<b>8,132</b>	<b>10,894</b>	<b>10,446</b>	<b>12,767</b>
<b>Return on Invested Capital (ROIC):</b>								
NOPLAT	6,298	11,387	4,939	9,487	10,574	11,950	13,602	15,344
Beginning IC	131,456	132,159	129,323	127,312	134,425	136,867	137,923	141,078
<b>ROIC</b>	<b>4.79%</b>	<b>8.62%</b>	<b>3.82%</b>	<b>7.45%</b>	<b>7.87%</b>	<b>8.73%</b>	<b>9.86%</b>	<b>10.88%</b>
<b>Economic Profit (EP):</b>								
Beginning IC	131,456	132,159	129,323	127,312	134,425	136,867	137,923	141,078
x (ROIC - WACC)	-0.82%	3.01%	-1.79%	1.84%	2.26%	3.12%	4.26%	5.27%
<b>EP</b>	<b>(1,072)</b>	<b>3,978</b>	<b>(2,311)</b>	<b>2,349</b>	<b>3,038</b>	<b>4,276</b>	<b>5,869</b>	<b>7,434</b>

**Walmart Inc.***Weighted Average Cost of Capital (WACC) Estimation***Cost of Equity:**

Risk-Free Rate	3.57%
Beta	0.49
Equity Risk Premium	4.88%
<b>Cost of Equity</b>	<b>5.96%</b>

**ASSUMPTIONS:**

*10-year Treasury bond on 3/29/2023*  
*5-year weekly beta*  
*April 1st via Damodaran*

**Cost of Debt:**

Risk-Free Rate	3.57%
Implied Default Premium	0.58%
Pre-Tax Cost of Debt	4.15%
Marginal Tax Rate	25%
<b>After-Tax Cost of Debt</b>	<b>3.10%</b>

*10-year Treasury bond on 3/29/2023*

*YTM on company's 10-year corporate bond (issued on 09/22)*

**Market Value of Common Equity:**

Total Shares Outstanding	2,669
Current Stock Price	\$148.50
<b>MV of Equity</b>	<b>396,387.66</b>

**MV Weights**

87.73%

**Market Value of Debt:**

Short-Term Debt	3105
Current Portion of LTD	2500
Long-Term Debt	36,180
PV of Operating Leases	13655
<b>MV of Total Debt</b>	<b>55,440.03</b>

12.27%

**Market Value of the Firm**

**451,827.69**

100.00%

**Estimated WACC**

**5.61%**

**Walmart Inc.***Discounted Cash Flow (DCF) and Economic Profit (EP) Valuation Model*

## Key Inputs:

CV Growth of NOPLAT	2.50%
CV Year ROIC	9.86%
WACC	5.61%
Cost of Equity	5.96%

<i>Fiscal Years Ending Jan. 31</i>	2024E	2025E	2026E	2027E	2028CV
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**DCF Model:**

Free Cash Flow (FCF)	2373	8132	10894	10446	12767
Continuing Value (CV)					368712
PV of FCF	2247.2	7291.3	9249.9	8398.5	296431.8

<b>Value of Operating Assets:</b>	323618.73
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## Non-Operating Adjustments:

Excess Cash	0.00
ESOP	-696.82
PV of Operating Leases	0.00
Marketable Securities	27764.00
<i>Less: Total Debt</i>	-55440.03
Noncontrolling Interest	7910.23
Underfunded Pension Liability	-1480.00

<b>Value of Equity</b>	301676.11
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Shares Outstanding	2669.28
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Intrinsic Value of Last FYE	\$ 113.02
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<b>Implied Price as of Today</b>	<b>\$ 113.95</b>
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**EP Model:**

Economic Profit (EP)	2348.8	3037.5	4276.4	5869.2	7434.1
Continuing Value (CV)					227633.7
PV of EP	2224.1	2723.6	3630.8	4718.6	183009.7

Total PV of EP	196306.85
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Invested Capital (last FYE)	127311.88
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<b>Value of Operating Assets:</b>	323618.73
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## Non-Operating Adjustments

Excess Cash	0.00
ESOP	-696.82
PV of Operating Leases	0.00
Marketable Securities	27764.00
<i>Less: Total Debt</i>	-55440.03
Noncontrolling Interest	7910.23
Underfunded Pension Liability	-1480.00

<b>Value of Equity</b>	301676.11
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Shares Outstanding	2669.28
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Intrinsic Value of Last FYE	\$ 113.02
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<b>Implied Price as of Today</b>	<b>\$ 113.95</b>
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**Walmart Inc.***Dividend Discount Model (DDM) or Fundamental P/E Valuation Model*

<i>Fiscal Years Ending Jan. 31</i>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028CV</b>
EPS	\$ 4.29	\$ 5.67	\$ 6.17	\$ 6.60	\$ 6.99
<b>Key Assumptions</b>					
CV growth of EPS	2.50%				
CV Year ROE (NI/Beg TSE)	26.49%				
Cost of Equity	5.96%				
<b>Future Cash Flows</b>					
P/E Multiple (CV Year)					26.20
EPS (CV Year)					\$ 6.99
Future Stock Price					\$ 183.02
Dividends Per Share	\$ 2.28	\$ 2.32	\$ 2.36	\$ 2.40	\$ 2.44
Discounted Cash Flows	\$ 2.15	\$ 2.07	\$ 2.36	\$ 1.90	\$ 145.20
Intrinsic Value as of Last FYE	\$ 153.68				
<b>Implied Price as of Today</b>	\$ 154.95				

**Walmart Inc.**  
Relative Valuation Models

Ticker	Company	Price	EPS		P/E		P/S		Sales/Share 23	Sales/Share 24
			2024E	2025E	24	25	2024E	2025E		
COST	Costco Wholesale Corporation	\$491.65	\$15.63	\$17.20	31.46	28.58	0.90	0.90	546.28	546.28
TGT	Target Corporation	\$162.37	\$8.47	\$10.62	19.17	15.29	0.70	0.70	231.96	231.96
KR	The Kroger Co.	\$46.96	\$4.51	\$4.49	10.41	10.46	0.20	0.20	234.80	234.80
AMZN	Amazon.com, Inc.	\$100.77	\$2.52	\$3.67	39.99	27.46	1.90	1.70	53.04	59.28
DG	Dollar General Corporation	\$214.83	\$11.20	\$12.49	19.18	17.20	1.40	1.20	153.45	179.03
BJ	BJ's Wholesale Club Holdings, Inc.	\$74.53	\$3.96	\$4.31	18.82	17.29	0.50	0.50	149.06	149.06
CVS	CVS Health Corporation	\$75.25	\$9.14	\$9.96	8.23	7.56	0.30	0.30	250.83	250.83
WBA	Walgreens Boots Alliance, Inc.	\$35.59	\$4.80	\$5.24	7.41	6.79	0.20	0.20	177.95	177.95
			Average		19.33	16.33			224.67	228.65

WMT Walmart Inc. \$148.50 5.67 6.17 26.2 24.1 0.60 0.60 247.50 247.50

**Implied Relative Value:**

P/E (EPS24E) \$ 109.54  
P/E (EPS25E) \$ 100.75  
P/S (P/S24E) \$ 134.80  
P/S (P/S25E) \$ 137.19

<b>Walmart Inc.</b>								
<i>Key Management Ratios</i>								
<i>Fiscal Years Ending Jan. 31</i>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028CV</b>
<b>Liquidity Ratios:</b>								
Current ratio = Current Assets / Current Liabilities	0.97	0.93	0.82	0.83	0.86	0.90	0.94	0.99
Quick Ratio = (Current Assts - Inventory - prepaid expenses) / Current Liabilites	0.26	0.26	0.18	0.19	0.21	0.24	0.28	0.32
Cash Ratio = Cash / current liabilities	0.19	0.17	0.09	0.09	0.11	0.16	0.19	0.24
<b>Asset-Management Ratios:</b>								
Total Asset Turnover: net sales / average total assets	2.21	2.34	2.51	2.58	2.64	2.69	2.73	2.76
Inventory Turnover Ratio: 1 / (inventory / COS )	9.35	7.59	8.20	8.43	8.43	8.43	8.43	8.43
A/R Turnover Ratio: net sales / accounts receivable	85.21	68.57	76.37	70.70	71.01	84.96	82.53	88.33
<b>Financial Leverage Ratios:</b>								
Debt to Assets: Total Equity / Total Debt	0.25	0.23	0.24	0.25	0.24	0.24	0.24	0.23
Debt To Equity: Total Debt / Total Equity	0.78	0.65	0.64	0.74	0.73	0.73	0.72	0.71
Asset to Equity: Total Assets / Total Equity	2.88	2.66	2.90	2.88	2.91	2.93	2.93	2.92
<b>Profitability Ratios:</b>								
Return on Equity = (NI/Beg TSE)	9.31%	15.93%	18.93%	26.24%	26.49%	26.76%	26.49%	26.10%
CF margin ratio: Operating Cash Flows / Revenue	6.45%	4.22%	4.19%	3.81%	4.29%	4.40%	4.01%	4.00%
Net Profit Margin = Net Income / Revenue	2.42%	2.39%	1.91%	2.36%	2.37%	2.35%	2.29%	2.24%
<b>Payout Policy Ratios:</b>								
Dividend Payout Ratio = (Dividend/EPS)	44.62%	44.13%	54.04%	38.69%	36.15%	34.35%	33.03%	31.62%
Total Payout Ratio ((Divs. + Repurchases)/NI)	11.75%	110.13%	135.62%	57.90%	54.24%	51.68%	49.80%	47.79%
Retention Ratio = (EPS - DPS) / EPS	54.72%	55.10%	47.76%	59.76%	62.40%	64.27%	65.65%	67.11%

**Walmart Inc.***Present Value of Operating Lease Obligations*

<b>Fiscal Years Ending Jan. 31</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Year 1	1734.0	1759.0	2057.0	2270.0	1933.0	1856.0	1856.0	2,189	2,164	2,166
Year 2	1632.0	1615.0	1989.0	1787.0	1718.0	1655.0	1655.0	2,017	2,040	2,077
Year 3	1462.0	482.0	1794.0	1679.0	1532.0	1420.0	1420.0	1,861	1,876	1,917
Year 4	1314.0	1354.0	1697.0	1524.0	1381.0	1233.0	1233.0	1,697	1,713	1,735
Year 5	1912.0	1236.0	1530.0	1342.0	1158.0	1063.0	1063.0	1,527	1,551	1,556
Thereafter	9836.0	10464.0	12438.0	9537.0	7644.0	6891.0	6981.0	11,658	11,322	11,018
Total Minimum Payments	17890.0	16910.0	21505.0	18139.0	15366.0	14118.0	14208.0	20949.0	20666.0	20469.0
Less: Cumulative Interest	3653.2	4067.9	4949.4	3813.1	3091.3	2794.6	2829.4	4639.1	4492.9	4378.8
<b>PV of Minimum Payments</b>	<b>14236.8</b>	<b>12842.1</b>	<b>16555.6</b>	<b>14325.9</b>	<b>12274.7</b>	<b>11323.4</b>	<b>11378.6</b>	<b>16309.9</b>	<b>16173.1</b>	<b>16090.2</b>
<b>Implied Interest in Year 1 Payment</b>		<b>590.8</b>	<b>532.9</b>	<b>687.1</b>	<b>594.5</b>	<b>509.4</b>	<b>469.9</b>	<b>472.2</b>	<b>676.9</b>	<b>671.2</b>
Pre-Tax Cost of Debt	4.15%	4.15%	4.15%	4.15%	4.15%	4.15%	4.15%	4.15%	4.15%	4.15%
Years Implied by Year 6 Payment	5.1	8.5	8.1	7.1	6.6	6.5	6.6	7.6	7.3	7.1
Expected Obligation in Year 6 & Beyond	1912	1236	1530	1342	1158	1063	1063	1527	1551	1556
<b>Present Value of Lease Payments</b>										
PV of Year 1	1664.9	1688.9	1975.0	2179.5	1856.0	1782.0	1782.0	2101.8	2077.8	2079.7
PV of Year 2	1504.5	1488.9	1833.6	1647.4	1583.8	1525.7	1525.7	1859.5	1880.7	1914.8
PV of Year 3	1294.1	426.6	1588.0	1486.2	1356.1	1256.9	1256.9	1647.3	1660.6	1696.9
PV of Year 4	1116.8	1150.8	1442.3	1295.2	1173.7	1047.9	1047.9	1442.3	1455.9	1474.6
PV of Year 5	1560.2	1008.6	1248.5	1095.1	945.0	867.4	867.4	1246.1	1265.7	1269.7
PV of 6 & beyond	7096.3	7078.4	8468.2	6622.4	5360.2	4843.3	4898.5	8013.1	7832.6	7654.6
Capitalized PV of Payments	14236.8	12842.1	16555.6	14325.9	12274.7	11323.4	11378.6	16309.9	16173.1	16090.2

**Walmart Inc.***Effects of ESOP Exercise and Share Repurchases on Common Stock Account and Number of Shares Outstanding*

Number of Options Outstanding (shares): 23.38  
 Average Time to Maturity (years): 3.23  
 Expected Annual Number of Options Exercised: 7

Current Average Strike Price: \$ 131.33  
 Cost of Equity: 5.96%  
 Current Stock Price: \$148.50

<i>Fiscal Years Ending Jan. 31</i>	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Increase in Shares Outstanding:	7	7	7	7	7	7	7	7	7	0
Average Strike Price:	\$ 131.33	\$ 131.33	\$ 131.33	\$ 131.33	\$ 131.33	\$ 131.33	\$ 131.33	\$ 131.33	\$ 131.33	\$ 131.33
<b>Increase in Common Stock Account:</b>	<b>949</b>	<b>949</b>	<b>949</b>	<b>949</b>	<b>949</b>	<b>949</b>	<b>949</b>	<b>949</b>	<b>949</b>	-
Share Repurchases (\$)	-9,200	-9,262	-9,322	-9,379	-9,435	-9,488	-9,540	-9,590	-9,638	-9,684
Expected Price of Repurchased Shares:	\$ 148.50	\$ 154.91	\$ 161.60	\$ 168.58	\$ 175.85	\$ 183.45	\$ 191.36	\$ 199.63	\$ 208.24	\$ 217.23
<b>Number of Shares Repurchased:</b>	<b>(62)</b>	<b>(60)</b>	<b>(58)</b>	<b>(56)</b>	<b>(54)</b>	<b>(52)</b>	<b>(50)</b>	<b>(48)</b>	<b>(46)</b>	<b>(45)</b>
Shares Outstanding (beginning of the year)	2,724	2,669	2,617	2,566	2,518	2,471	2,427	2,384	2,343	2,304
Plus: Shares Issued Through ESOP	7	7	7	7	7	7	7	7	7	0
Less: Shares Repurchased in Treasury	(62)	(60)	(58)	(56)	(54)	(52)	(50)	(48)	(46)	(45)
<b>Shares Outstanding (end of the year)</b>	<b>2,669</b>	<b>2,617</b>	<b>2,566</b>	<b>2,518</b>	<b>2,471</b>	<b>2,427</b>	<b>2,384</b>	<b>2,343</b>	<b>2,304</b>	<b>2,260</b>



**Walmart Inc.***Valuation of Options Granted under ESOP*

Current Stock Price	\$148.50
Risk Free Rate	3.57%
Current Dividend Yield	1.64%
Annualized St. Dev. of Stock Returns	17.00%

Range of Outstanding Options	Number of Shares	Average Exercise Price	Average Remaining Life (yrs)	B-S Option Price	Value of Options Granted
Restricted Stock Units	16.22	128.01	4.00	\$ 34.45	\$ 559
Performance Based	7.16	138.86	1.50	\$ 19.29	\$ 138
Total	23.38	\$ 131.33	3.23	\$ 36.27	<b>\$ 697</b>