

## Analyst Report: Walmart Inc. (WMT)

Walmart's strategic evolution, driven by omni-channel expansion and innovative growth initiatives, positions it for continued success despite inflationary and competitive pressures.

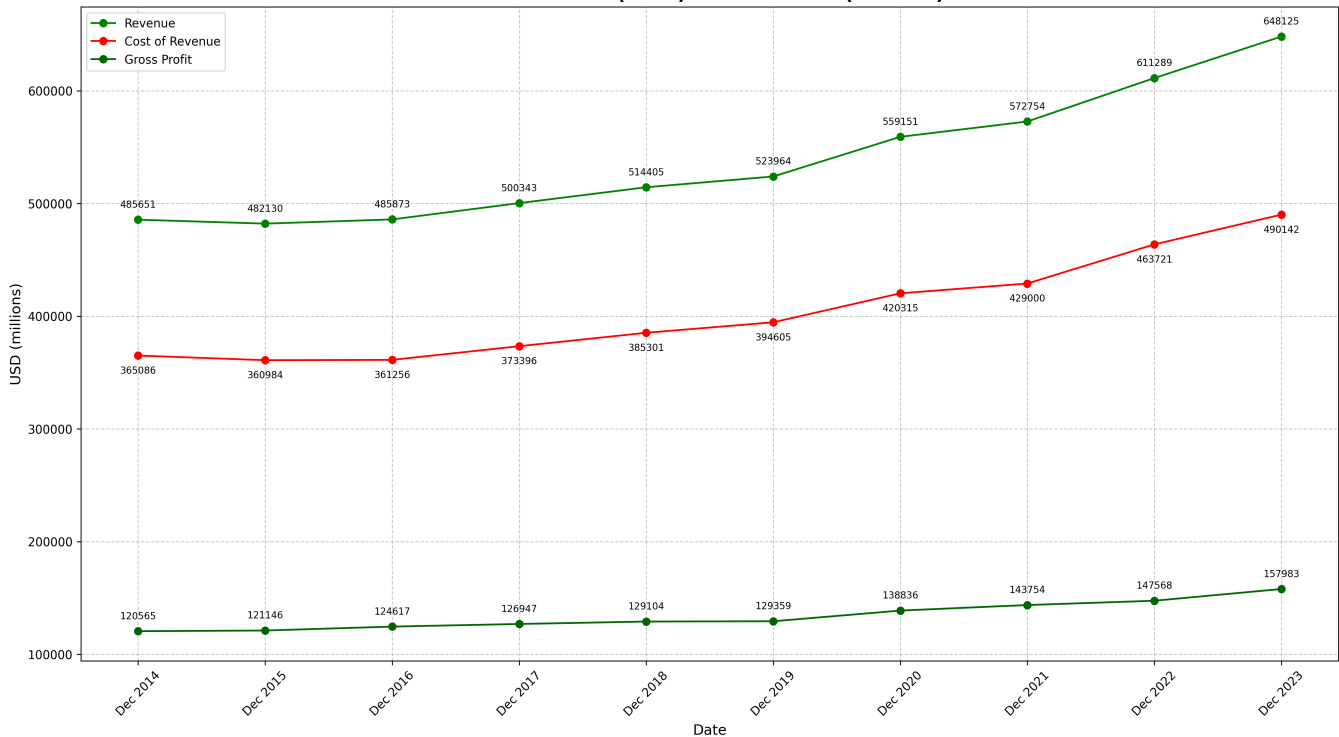
### SUMMARY DATA (ANNUAL)

<b>52-Week High</b>	<b>\$181.35</b>
52-Week Low	\$58.18
Shares	8,077
EPS	1.92
Dividend	0.76
Revenue	648,125
Cost of Revenue	490,142
Gross Profit	157,983
EBIT	23,772

### OUTLOOK

Walmart is expected to continue its positive momentum over the next two quarters, driven by its resilient business model, robust consumer demand, and expanding omni-channel capabilities. The company's strategic investments in technology, automation, and supply chain enhancements are likely to further improve its efficiency and profitability. While inflationary pressures and competition remain challenges, Walmart's scale, price leadership, and customer loyalty position it well to navigate these headwinds. The company's commitment to expanding its higher-margin business areas, such as advertising and financial services, is expected to contribute to its earnings growth. Overall, the outlook for Walmart over the next six months remains positive, with the company poised to deliver solid financial results and continue its track record of creating shareholder value.

Walmart Inc. (WMT) - Annual Data (millions)



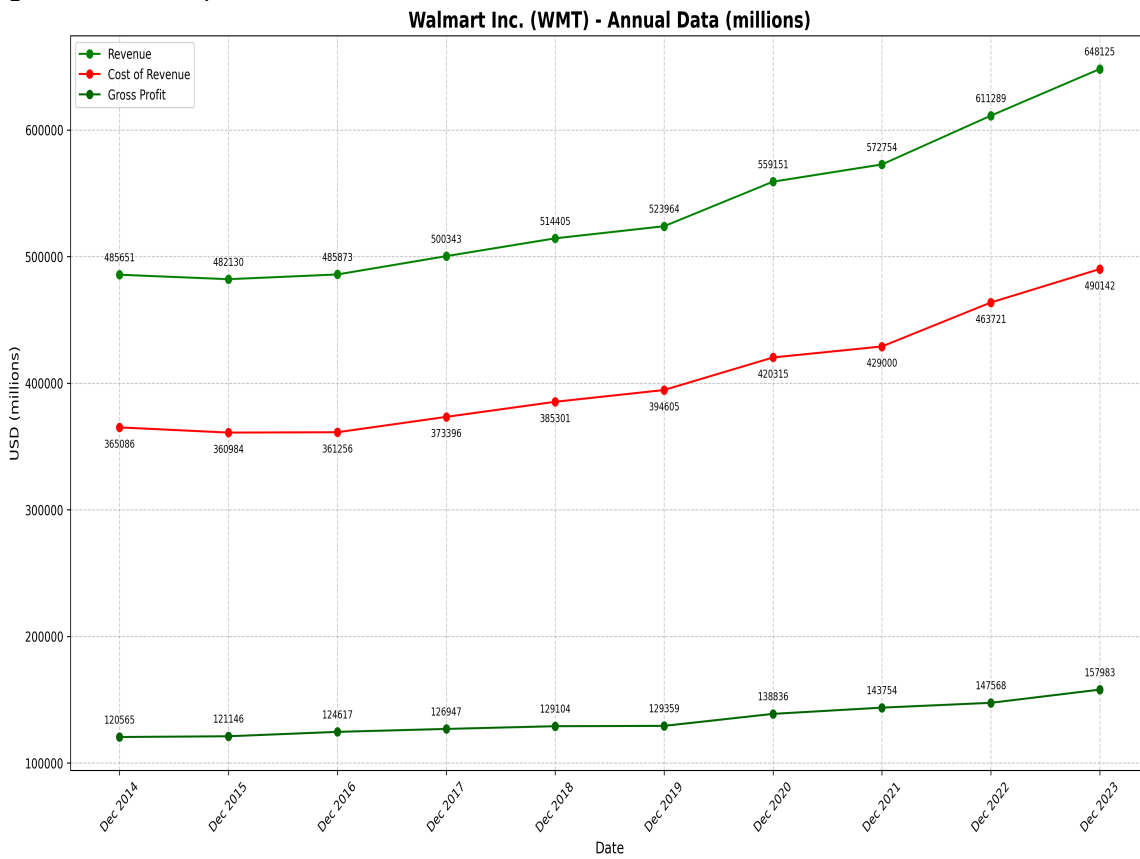
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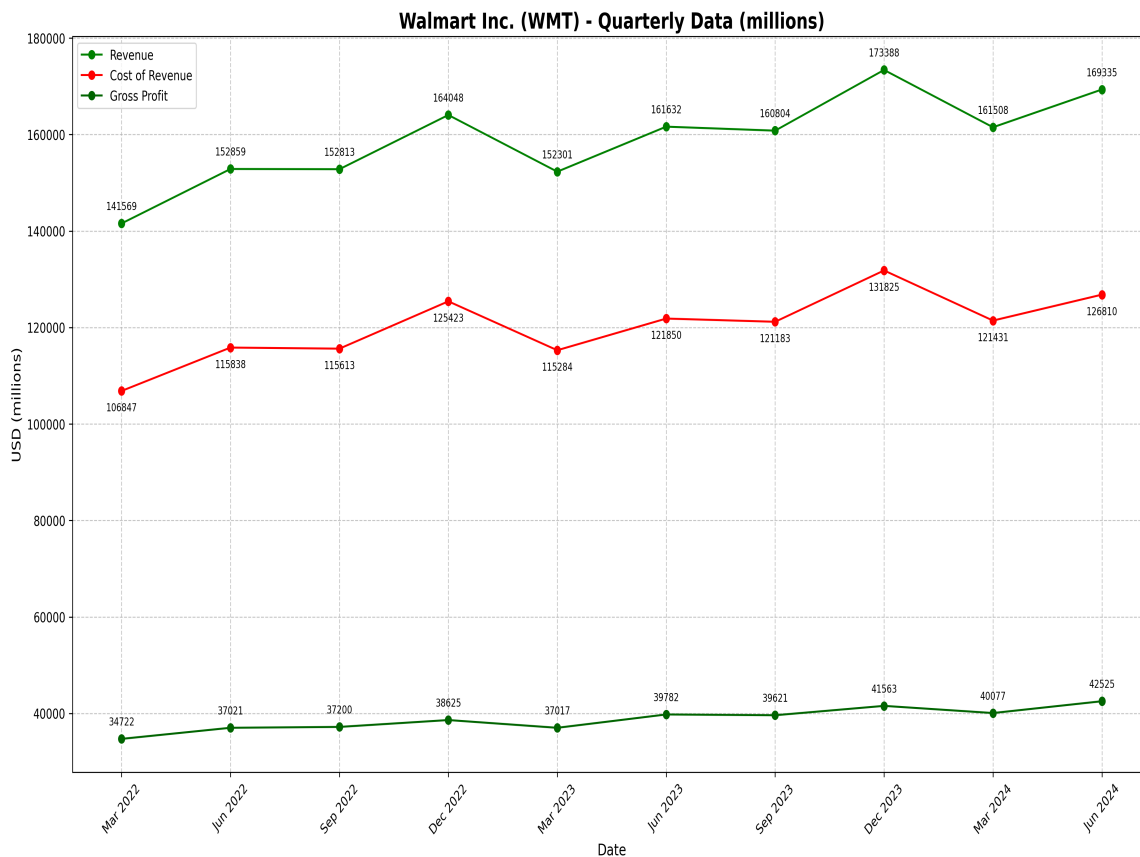
## 1. ANALYSIS OF LATEST 10K FILING

Walmart Inc. is a multinational retail corporation that operates a chain of hypermarkets, discount department stores, and grocery stores. The company's latest 10K filing provides a comprehensive overview of its financial performance, business operations, and strategic initiatives for the fiscal year ended January 31, 2024. The report highlights Walmart's commitment to its omni-channel strategy, which aims to provide customers with a seamless shopping experience across its physical stores, eCommerce platforms, and mobile applications. The company continues to invest heavily in eCommerce, technology, and supply chain capabilities to enhance its online presence and meet the evolving needs of its customers. Walmart's 10K filing also emphasizes its focus on ESG priorities, including opportunity, sustainability, community, and ethics and integrity. The company is committed to advancing belonging, diversity, equity and inclusion, creating opportunity for its associates and suppliers, promoting sustainable practices throughout its operations and supply chain, and strengthening the communities in which it operates. Walmart's human capital management strategy prioritizes the well-being, growth, and development of its associates, recognizing their essential role in delivering on the company's purpose. / Walmart's financial performance in fiscal 2024 demonstrated resilience in a dynamic retail environment. The company generated total revenues of \$648.1 billion, representing a 6.0% increase compared to the previous fiscal year. Net sales increased by 6.1%, driven by positive comparable sales growth in the Walmart U.S. and Sam's Club segments, as well as in its international markets. Walmart's gross profit rate improved slightly, while operating expenses as a percentage of net sales decreased, contributing to an increase in operating income. The company's strategic capital allocation priorities include investing in supply chain automation, customer-facing initiatives, technology, and store and club remodels. Walmart also continues to return value to shareholders through share repurchases and dividends. / Walmart's 10K filing provides a detailed analysis of the risks and challenges facing the company, including competition, macroeconomic conditions, cybersecurity threats, regulatory changes, and litigation. The company acknowledges the competitive landscape of the retail industry and the rapid evolution of consumer preferences and shopping behaviors. Walmart is also aware of the potential impact of global events, natural disasters, and climate change on its operations. The company has implemented various risk management strategies and programs to address these challenges and mitigate their potential adverse effects on its business. Overall, Walmart's latest 10K filing paints a picture of a company that is navigating the complexities of the modern retail landscape while remaining committed to its core values and strategic priorities. The company's continued investment in omni-channel capabilities, ESG initiatives, and its workforce positions it for long-term sustainable growth and value creation for its stakeholders.

## 2. Financial Analysis

Walmart's financial performance over the past decade showcases its consistent growth and profitability. The company's revenue has grown steadily, reflecting its dominant position in the retail industry. Walmart's net income has also trended upwards, demonstrating its ability to manage costs and generate consistent earnings. The company's balance sheets reveal a strong financial position with ample liquidity and manageable debt levels. Walmart's cash flow statements highlight its robust cash generation capabilities, enabling the company to fund its operations, capital expenditures, and shareholder returns. / Over the last ten quarters, Walmart has experienced continued growth in revenue and earnings. The company's omni-channel strategy has contributed to its success, with eCommerce sales becoming an increasingly significant part of its overall revenue. Walmart's ability to adapt to changing consumer preferences and shopping behaviors has been crucial in maintaining its market share. The company's strong financial performance has allowed it to continue investing in technology, automation, and supply chain enhancements. / However, Walmart also faces challenges in maintaining its profitability amid a competitive retail landscape and inflationary pressures. The company has been focused on managing costs and optimizing its operations to offset these challenges. Walmart's financial evolution over the past decade and recent quarters underscores its commitment to balancing growth with profitability. The company's consistent financial performance and strong balance sheet position it well for future success.





## SEC EDGAR (WMT), LAST 10 YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Assets	252,399	243,197	244,860	252,496	236,495	219,295	204,522	198,825	199,581	203,490
Total Debt	61,321	58,923	57,323	63,246	72,433	58,033	46,487	45,938	50,034	50,165
Shares	8,077	8,171	8,376	8,493	8,550	8,787	8,985	9,303	9,621	9,690
EPS	1.92	1.43	1.63	1.59	1.74	0.76	1.10	1.47	1.53	1.69
Dividend	0.76	0.75	0.73	0.72	0.71	0.69	0.68	0.67	0.65	0.64
Revenue	648,125	611,289	572,754	559,151	523,964	514,405	500,343	485,873	482,130	485,651
Cost of Revenue	490,142	463,721	429,000	420,315	394,605	385,301	373,396	361,256	360,984	365,086
Gross Profit	157,983	147,568	143,754	138,836	129,359	129,104	126,947	124,617	121,146	120,565
EBIT	23,772	19,532	20,423	22,683	22,395	13,297	16,792	22,214	23,800	26,809

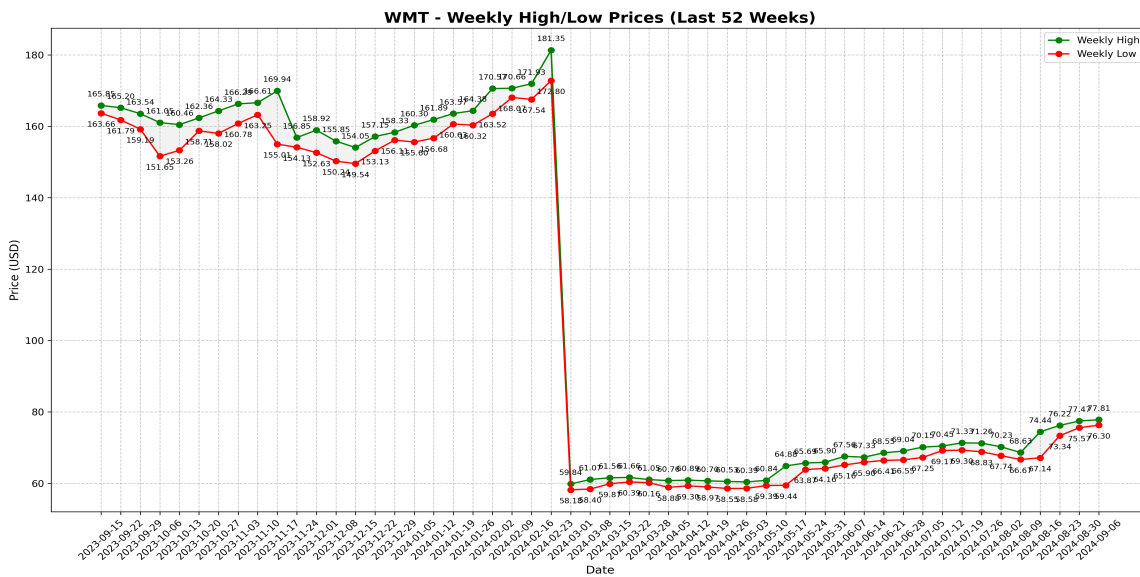
(\* millions, except EPS and dividend)

## SEC EDGAR (WMT), LAST 10 QUARTERS

	2024 Q2	2024 Q1	2023 Q4	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1
Total Assets	254,440	254,054	252,399	259,174	255,121	245,053	243,197	247,656	247,199	246,142
Total Debt	61,305	64,463	61,321	69,739	64,801	63,867	58,923	65,380	65,309	66,817
Shares	8,044	8,053	8,071	8,079	8,079	8,082	8,087	8,133	8,208	8,262
EPS	0.56	0.63	0.68	0.06	0.98	0.21	0.77	-0.22	0.63	0.25
Dividend	0.21	0.21	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19
Revenue	169,335	161,508	173,388	160,804	161,632	152,301	164,048	152,813	152,859	141,569
Cost of Revenue	126,810	121,431	131,825	121,183	121,850	115,284	125,423	115,613	115,838	106,847
Gross Profit	42,525	40,077	41,563	39,621	39,782	37,017	38,625	37,200	37,021	34,722
EBIT	6,682	7,546	8,029	1,407	11,207	3,129	9,978	-878	7,125	3,307

(\* millions, except EPS and dividend)

## 3. Stock Technical Analysis



Over the past 52 weeks, Walmart's stock price has exhibited an overall upward trend, reflecting the company's strong financial performance and positive market sentiment. The stock experienced a significant surge in February 2024, following a 3-for-1 stock split. This move made the stock more accessible to a wider range of investors, contributing to increased trading volume and upward momentum. / Technically, the stock has formed a series of higher highs and higher lows, indicating a bullish trend. The stock has consistently found support at its 50-day moving average, suggesting strong buying interest on dips. Moreover, the relative strength index (RSI) has remained above 50 for the majority of the period, indicating positive momentum. / However, the stock has also exhibited some periods of volatility, particularly in response to broader market fluctuations and news related to the retail industry. Despite these temporary pullbacks, the stock has consistently rebounded, demonstrating its resilience and the underlying strength of Walmart's business. Overall, the technical analysis of Walmart's stock price over the past 52 weeks suggests a bullish outlook, supported by the company's solid financial performance and favorable market conditions.

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## 4. Current Media Coverage & Stories

Walmart has been featured prominently in the news lately, with headlines revolving around various aspects of its business, from strategic partnerships and new initiatives to financial performance and executive leadership changes. The company's foray into the collectible sneaker market, through its collaboration with StockX, has generated significant buzz. This move highlights Walmart's efforts to attract younger consumers and expand its product offerings beyond traditional retail categories. / The company's strong financial results, including impressive sales growth and a raised profit forecast, have also drawn attention from financial journalists and investors. Walmart's ability to navigate inflationary pressures and maintain its price leadership position has been praised. However, the company's decision to exit its partnership with JD.com in China has raised questions about its long-term strategy in the world's second-largest economy. / Walmart's efforts to enhance its workforce, including new training programs for skilled trades and a bonus plan for hourly workers, have been lauded as a positive step in addressing labor shortages and improving employee retention. The company's commitment to investing in its associates and creating opportunities for career advancement has been recognized. / On the legal front, Walmart's settlement of lawsuits related to its opioid dispensing practices has made headlines. The company has agreed to pay billions of dollars to resolve claims brought by states, local governments, and Native American tribes. These settlements, while significant, remove a major legal overhang for Walmart. Overall, Walmart's recent media coverage reflects the company's multifaceted nature and its impact on various stakeholders, from consumers and employees to investors and regulators.

## 5. Financial vs. Stock vs. Media Coverage Situations

The media's portrayal of Walmart often contrasts with the company's financial data and stock price performance, highlighting the complexities of interpreting news coverage in the context of a company's overall situation. While headlines may focus on specific events or challenges, such as the opioid settlements or the JD.com exit, these events often have a limited impact on Walmart's long-term financial trajectory. / The company's strong earnings and revenue growth, driven by its omni-channel strategy and robust consumer demand, have consistently outweighed the negative sentiment generated by certain news stories. Investors have largely focused on Walmart's solid fundamentals and its ability to generate consistent cash flow, propelling the stock price upwards. / This disconnect between media narratives and financial reality underscores the importance of conducting a thorough analysis of a company's financial data, stock price trends, and industry dynamics before forming an investment opinion. While media headlines can provide valuable insights, they should be interpreted within the broader context of a company's overall performance and prospects. In Walmart's case, the company's financial strength and strategic positioning suggest a positive outlook, despite the occasional negative headlines.

## 6. Industry Analysis

The retail industry is currently experiencing a period of significant transformation, driven by factors such as technological advancements, evolving consumer preferences, and increased competition. Companies like Walmart are navigating this dynamic landscape by adapting their business models and investing in new capabilities to stay ahead of the curve. / The rise of eCommerce has been a major disruptor in the industry, with online sales capturing an increasing share of consumer spending. This trend has forced traditional brick-and-mortar retailers to enhance their online presence and develop omni-channel strategies to cater to consumers who demand seamless shopping experiences across both physical and digital channels. / Walmart, with its vast store network and growing eCommerce platform, is well-positioned to capitalize on this trend. However, the company faces intense competition from online giants like Amazon, as well as from other large retailers who are investing heavily in their own digital capabilities. / In addition to eCommerce, other drivers shaping the retail industry include the growing importance of personalization, convenience, and sustainability. Consumers increasingly expect personalized recommendations, frictionless checkout experiences, and environmentally conscious products and practices. / Headwinds facing the industry include inflationary pressures, supply chain disruptions, and labor shortages. Retailers are facing rising costs for goods, transportation, and labor, which are impacting their profitability. These challenges are forcing companies to find innovative ways to manage costs and maintain their price competitiveness. / Overall, the retail industry is undergoing a period of rapid evolution, with companies like Walmart at the forefront of this transformation. The ability to adapt to changing consumer behaviors, embrace new technologies, and navigate economic challenges will be crucial for success in this dynamic and competitive landscape.

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## 7. Drivers & Challenges

Walmart currently faces a number of drivers and challenges that will shape its future trajectory. On the positive side, the company's vast scale, strong brand recognition, and efficient supply chain provide a solid foundation for growth. Walmart's omni-channel strategy, which integrates its physical stores, eCommerce platform, and mobile applications, is a key driver of its success. / The company's investment in technology, automation, and data analytics is enabling it to personalize the shopping experience, optimize its operations, and develop new revenue streams. Walmart's expansion into new business areas, such as advertising, healthcare, and financial services, offers significant growth opportunities. / However, the company also faces challenges in maintaining its profitability amid a competitive retail landscape and rising costs. Walmart's low-price strategy, while appealing to consumers, puts pressure on its margins. The company is constantly seeking ways to reduce costs and improve efficiency to offset these pressures. / Competition from online retailers, such as Amazon, is a major threat to Walmart's market share. The company is investing heavily in its eCommerce platform and fulfillment capabilities to compete effectively in this space. Labor shortages and rising wage costs are also challenges for Walmart. The company is implementing initiatives to attract and retain employees, such as increasing wages and benefits and offering training and development opportunities. / Regulatory changes, such as those related to data privacy, environmental sustainability, and labor practices, could also impact Walmart's operations. The company is actively monitoring these developments and adjusting its practices to comply with evolving regulations. Overall, Walmart's future success will depend on its ability to leverage its strengths, address its challenges, and capitalize on the opportunities presented by the evolving retail landscape.

## 8. Bull Case

The bull case for Walmart rests on its ability to continue leveraging its massive scale, its dominant position in the grocery market, and its expanding omni-channel capabilities to drive sustainable growth and profitability. As a retail behemoth, Walmart possesses a vast network of stores, a loyal customer base, and a sophisticated supply chain that allows it to offer competitive prices and a wide assortment of products. / The company's focus on grocery, a staple category with consistent demand, provides a stable revenue stream and positions Walmart as a destination for essential goods. Its omni-channel strategy, which seamlessly integrates its physical stores with its eCommerce platform and mobile apps, caters to consumers' increasing preference for convenient shopping experiences. / Walmart's investments in technology, automation, and data analytics are further enhancing its efficiency, personalization capabilities, and customer engagement. These efforts are not only streamlining its operations but also creating new revenue streams through targeted advertising and personalized product recommendations. / The company's expansion into new business areas, such as healthcare and financial services, opens up additional avenues for growth. Walmart's brand recognition, customer trust, and vast customer data provide a strong foundation for venturing into these sectors. / In a bullish scenario, Walmart's ability to execute its strategic initiatives, combined with a favorable economic environment and continued consumer spending, could lead to sustained revenue growth, margin expansion, and increased shareholder value. The stock price would likely benefit from this positive momentum, rewarding investors who believe in Walmart's long-term potential.



## 9. Bear Case

The bear case for Walmart centers on concerns about its ability to maintain its low-price leadership position amid rising costs, increasing competition from online rivals, and potential headwinds in consumer spending. As inflation continues to put pressure on retailers' margins, Walmart's commitment to offering the lowest prices could become unsustainable, leading to margin compression and reduced profitability. / Competition from online giants like Amazon, with their vast product selection, aggressive pricing strategies, and advanced logistics networks, poses a significant threat to Walmart's market share, particularly in non-grocery categories. Walmart's efforts to enhance its eCommerce platform and fulfillment capabilities may not be sufficient to fully offset this competition. / An economic slowdown or a decline in consumer spending could further exacerbate these challenges, reducing demand for discretionary goods and putting pressure on Walmart's sales growth. The company's dependence on the U.S. market, which accounts for the majority of its revenue, exposes it to the risks of a domestic economic downturn. / Additionally, regulatory changes, such as those related to data privacy, environmental sustainability, and labor practices, could increase compliance costs and operational complexity for Walmart. / In a bearish scenario, these factors could lead to declining sales growth, margin compression, and a reduction in shareholder value. The stock price would likely suffer under these circumstances, reflecting investors' diminished confidence in Walmart's future prospects.

## 10. Forward Valuation

Based on a comprehensive analysis of Walmart's financial data, stock price trends, media coverage, and industry dynamics, a forward valuation for the company's stock can be derived using multiple methods, including discounted cash flow (DCF), relative valuation (multiples-based), sum-of-the-parts (SOTP), and option pricing models. Each method provides a different perspective on the company's value, and a range of bullish and bearish estimates can be established to account for different assumptions and market conditions. / Discounted Cash Flow (DCF) Analysis: A DCF analysis projects the company's future cash flows and discounts them back to their present value. Bullish estimates would assume a higher growth rate for revenue and earnings, while bearish estimates would incorporate a more conservative outlook. The discount rate used in the analysis would also reflect the perceived risk associated with Walmart's business. / Relative Valuation (Multiples-Based): This method compares Walmart's valuation multiples, such as price-to-earnings (P/E) ratio or price-to-sales (P/S) ratio, to those of its peers or to historical averages. Bullish estimates would apply a premium multiple to reflect Walmart's strong brand recognition and market position, while bearish estimates would use a discount multiple. / Sum-of-the-Parts (SOTP) Analysis: This approach values each of Walmart's business segments separately and then adds them up to arrive at a total enterprise value. The valuation of each segment would be based on its specific growth prospects and profitability. Bullish estimates would assume higher valuations for segments with strong growth potential, such as eCommerce or healthcare, while bearish estimates would be more conservative. / Option Pricing Models: These models, such as the Black-Scholes model, are used to value options on Walmart's stock. The model considers factors such as the current stock price, the strike price of the option, the time to expiration, and the volatility of the stock. Bullish estimates would assume higher volatility, implying a greater potential for price appreciation, while bearish estimates would use a lower volatility assumption. / By combining the results of these different valuation methods and considering a range of bullish and bearish estimates, a reasonable forward valuation range for Walmart's stock can be established. However, it's important to note that any valuation is subject to uncertainty and should be considered within the context of the company's overall situation and the prevailing market conditions.



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## 11. Executive Summary

Walmart's massive scale, dominant grocery business, and expanding omni-channel capabilities serve as key drivers for its long-term growth. The company's strategic investments in technology, automation, and data analytics are enhancing its efficiency, personalization, and customer engagement, while its ventures into new business areas, like healthcare and financial services, present exciting growth opportunities. / However, Walmart faces threats from rising costs, intensifying competition from online rivals, and potential slowdowns in consumer spending. Maintaining its low-price leadership while mitigating margin compression is a crucial challenge. Effectively competing with online giants like Amazon and adapting to changing consumer preferences and shopping behaviors are also critical for sustained success. / Despite these threats, Walmart's strong brand recognition, vast customer base, and robust cash generation capabilities offer significant opportunities. The company's commitment to enhancing its workforce and prioritizing ESG initiatives further strengthens its position. / Overall, Walmart's future success hinges on its ability to capitalize on its strengths, navigate its challenges, and execute its strategic initiatives effectively. Its capacity to adapt to the dynamic retail landscape, embrace innovation, and maintain its customer-centric focus will be crucial for driving sustainable growth and shareholder value.