Equity Research Report

Bentonville, Arkansas

Retail

October 28, 2015

Wal-Mart Stores Inc.

Exchange: NYSE Ticker: WMT

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Company Description:
Wal-Mart Stores, Inc. operates discount stores, supercenters and neighborhood markets. The company operates in 3 segments: Walmart US, Walmart International, and Sam's Club. The company's discount stores offer merchandise such as apparel, housewares small appliances, electronics, and hardware. The company also provides financial services and related products, including money orders, prepaid cards, wire transfers, money transfers, check cashing, and bill payment. In addition, it offers brand name merchandise, including hard goods, soft goods, and selected private-label items, such as Member's Mark and its own proprietary brands, such as Daily Chef and Simply Right. Walmart markets offer full line supermarkets as well as a limited assortment of merchandise. Walmart operates in the hypermarkets and super center industry. As of September 23, 2015, it operated 11,532 stores under 65 banners in 28 countries; and e-commerce Websites in 11 countries. The company was founded in 1945.

Compelling reasons it may make a good investment:

- Market leader with significant retail market share
- Cost leader compared to competitors
- Focus on growth in e-commerce
- Economies of scale globally
- AA Credit Rating
- Highest dividend yield among competitors
  - Dividend is stable at roughly 3.0%
- During the recession its P/E went as low as 12x and it is currently below that level
- Any slow-down globally will force consumers to look into cheaper products
- Presence in emerging markets (China & India)
- Lowest P/B compared to its competitors
- Lowest P/E compared to its competitors
- Lowest P/Sales compared to its competitors
- Opened 316 stores last year and closed 3
  - Plans to continue expanding and provide new store formats to enter markets

ORANGE VALUE FUND

Recommendation: Buy

Price as of October 28th, 2015	**$57.64**
Buy Price Target	**$50-55**
52-week range	**$58.37 – $90.97**
Upside	**20%+**
Investment Time Horizon	**2- 3 years+**

Price Chart

Selected Financial Data

Shares Outstanding	3.206B
Market Capitalization	184.8B
Book Value per Share	24.55
Tangible BV per Share	19.00
Net Income (2014)	15.49B
Net Income (1st Half of this year)	6.82B
Revenue (2014)	485.65B
Revenue (1st Half of this year)	235.06B
Cash	5.751B
Price / Book	2.4x
Price / Earnings	11.9x
Price / Sales	0.4x
Price /FCF	12.7x
EBITDA/ Interest	13.91x
Net Debt/ EBITDA	1.2x
EV/EBITDA	6.6x
Inventory Turnover	8.1x
ROA	8.1%

Equity Research Report

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Extended Business Description

Wal-Mart Stores, Inc. operates retail stores in various formats worldwide. The company operates through three segments: Walmart U.S., Walmart International, and Sam's Club. It operates discount stores, supermarkets, supercenters, hypermarkets, warehouse clubs, cash and carry stores, home improvement stores, specialty electronics stores, restaurants, apparel stores, drug stores, and convenience stores, as well as retail Websites, such as walmart.com and samsclub.com.

The company's stores offer meat, produce, deli, bakery, dairy, frozen foods, alcoholic and nonalcoholic beverages, and floral and dry grocery; health and beauty aids, baby products, household chemicals, paper goods, and pet supplies; electronics, toys, cameras and supplies, photo processing services, cellular phones, cellular service plan contracts and prepaid services, movies, music, video games, and books; and pharmacy, optical, over-the-counter drugs, and clinical services. Its merchandise also include stationery, automotive accessories, hardware and paint, sporting goods, fabrics and crafts, and seasonal merchandise; apparel for women, girls, men, boys, and infants, as well as shoes, jewelry, and accessories; and home furnishings, housewares and small appliances, bedding, home décor, outdoor living, and horticulture products.

The company also provides financial services and related products, including money orders, prepaid cards, wire transfers, money transfers, check cashing, and bill payment. In addition, it offers brand name merchandise, including hard goods, soft goods, and selected private-label items, such as Member's Mark and its own proprietary brands, such as Daily Chef and Simply Right. Further, the company operates banks that provide consumer financing programs. As of September 23, 2015, it operated 11,532 stores under 65 banners in 28 countries; and e-commerce Websites in 11 countries. The company was founded in 1945 and is headquartered in Bentonville, Arkansas.

Management Team

Douglas McMillon – Chief Executive Officer/Director/President

- Douglas McMillon has served as the president, director, and Chief Operating Officer of Walmart since February 1st, 2014. Prior to this position he served as the president and CEO of Walmart International during a rapid growth period between February 1st, 2009 and January 2014. Mr. McMillon has also been an executive vice president for the company serving as the unit CEO of Walmart's Sam's Club, Walmart Mexico and Walmart Canada units. McMillon first started at Walmart in 1984 as an hourly associate in a distribution center while pursuing his MBA and gradually worked his way up in the company. Having a holistic view of how the company operates only adds to his leadership ability.

Gregory B. Penner – Chairman of the Board

- Elected as chairman in 2015, Penner has been with the company for 20 years. Leading up to his election as chairman, Penner occupied positions such as CFO for Walmart's Japan unit, VP of finance and strategy and in 2008 was first elected to Walmart's board as chairman of the technology and ecommerce committee. Penner is also the founder and general partner of Madrone Capital Partners, an investment firm, and currently sits on the board of Baidu, Inc. Prior to Walmart, Penner worked as a financial analyst at Goldman Sachs & Co, and as a general partner at Peninsula Capital. His extensive leadership and finance background will ensure his effectiveness as he adjusts to his new chairman role.

Charles M. Holley, Jr. – Chief Financial Officer/Executive Vice President[1]

- Holley has served as Walmart's CFO and executive vice president since December 2010. Prior to this position he served as Walmart's senior vice president of finance starting in 2005, and then vice president of finance and treasurer since January 2007. Prior to his start at Walmart, Holley served as a managing director of finance at Tandy Corporation in the consumer product division. This gives him a solid background in the retail industry. Also, his 10 years that he spent at Ernst and Young prior to Tandy displays a thorough understanding of the fields of Accounting and Finance.

Michael J. Bender – Chief Operating Officer of Global eCommerce

- Bender serves as the COO of Global eCommerce, effectively leading the strategy and execution of the company's eCommerce operations. Having joined the company in 2009, he was recently promoted to this role after serving as president of Walmart West business unit, leading all aspects of the company's operations in 22 states. Prior to Walmart, Bender served as an operations executive for Cardinal Health and Victoria's Secret. Using his nearly 3 decades worth of executive experience, Mr. Bender will lead Walmart's efforts to gain ground in the online retail market.

[1] Will be replaced on December 31, 2015

Industry Overview

Overview:

This industry comprises large stores that primarily retail a general line of grocery products, along with merchandise items (e.g. apparel and appliances). Warehouse clubs offer customers a wide selection of goods, often in bulk, at discounted prices, in exchange for a membership fee paid by each customer. Supercenters are large discount department stores that also sell perishable groceries; however, unlike warehouse clubs, supercenters do not have membership requirements for customers.

Outlook:

Over the past half-decade the performance of the entire department store industry has experienced a slowdown in sales. This can be linked to a slight shift of consumer spending toward online alternatives. However to combat this encroachment, most entities in the industry have started to increase their presence in online retail. By offering competitive online prices as well as convenient options such as same-day in store pickup, companies in the industry aim to recapture sales from consumers whom have taken their purchasing online.

Competitive Landscape:

Walmart currently dominates the retail industry with over 50% market share by sales in several categories. Their main strategy is centered on providing products at the lowest possible price. Their competitors in the retail industry include companies like Target Corp, Big Lots Inc, Costco Wholesale Corp, PriceSmart Inc and The Kroger Co.

Segments

Walmart is engaged in retail and wholesale operations located in the U.S., Argentina, Brazil, Canada, Chile, China, India, Japan, Mexico and the United Kingdom, as well as countries located in Africa and Central America. The company's operations are conducted in three business segments: Walmart U.S., Walmart International and Sam's Club.

Walmart United States:

The Walmart U.S. segment includes the company's mass merchant concept in the U.S. operating under the "Walmart" or "Wal-Mart" brands, as well as Walmart.com.

Walmart International:

The Walmart International segment consists of the company's operations outside of the U.S., including various retail websites.

Region/Country	Retail	Wholesale	Other[2]	Total Unit Count	Total Square Feet
Africa	302	94	0	396	21,223
Argentina	105	0	0	105	8,119
Brazil	468	76	13	557	33,028
Canada	394	0	0	394	50,927
Central America	689	1	0	690	11,094
Chile	377	3	24	404	14,762
China	400	11	0	411	68,269
India	0	20	0	20	1,083
Japan	372	0	59	431	24,429
Mexico	2120	160	10	2,290	98,419
United Kingdom	589	0	3	592	36,277
Total	5816	365	109	6,290	367,630

As of January 31, 2015

Sam's Club:

The Sam's Club segment includes the warehouse membership clubs within the U.S., as well as samsclub.com.

[2] "Other" includes restaurants, drug stores, convenience stores, and banks.

Segment	Number of Stores	# Stores Opened FY 2015	# Stores Closed FY 2015
Walmart United States	4,516	316	3
Walmart International	6,290	0	0
Sam's Club	647	12	0

Walmart's United States segment currently boasts the highest operating profit before tax margin (7.5%), which is then followed by the international segment (4.5%) and finally the Sam's Club segment (3.4%).

Operational Description

Physical:

- **Walmart International -** The international segment is comprised of physical stores operated by: wholly owned subsidiaries operating in Argentina, Brazil, Canada, Chile, China, India, Japan and the United Kingdom; majority owned subsidiaries operating in Africa, Central America, China and Mexico; and joint ventures and other controlled subsidiaries in China.

- **Walmart U.S. -** The United States segment operates retail stores in all 50 states, Washington D.C. and Puerto Rico, with supercenters in 49 states and Puerto Rico. The segment also operates discount stores in 42 states and Puerto Rico, and neighborhood markets in 31 states and Puerto Rico.

- **Sam's Club -** The Sam's Club segment operates as a membership only warehouse club, facility sized generally range between 71,000 and 190,000 square feet.

Digital:

- All of Walmart's segments operate e-commerce websites that allow customers to shop online. Walmart U.S. and Sam's Club also offer convenient services such as in-store pickup, which allows customers to pick up their online purchases at Walmart stores on the same day.

Merchandise:

- **Walmart U.S./International-** Walmart's U.S. and International segments do business in 6 strategic merchandise units:
  - **Grocery** consists of a full line of grocery items
  - **Health and Wellness** includes pharmacy, optical services, over the counter drugs and clinical services
  - **Entertainment** consists of electronics, toys, cameras, cell phones and movies
  - **Hardlines** consist of stationary, automotive, hardware and paint, sporting goods and fabrics
  - **Apparel** includes apparel for men and women of all ages
  - **Home** includes home furnishings, housewares, bedding and small appliances
- **Sam's Club -** Sam's Club offers brand name merchandise and selected private label items such as "Member's Mark" and its own proprietary brands such as "Daily Chef" and "Simply Right" in 5 merchandise categories:
  - **Grocery and consumables** includes a full line of grocery items in addition to paper goods, laundry, baby care and pet supplies
  - **Fuel and other categories** includes gasoline stations, tobacco, tools and power equipment
  - **Home and apparel** includes home improvement, outdoor living, furniture, apparel, jewelry, housewares and toys
  - **Technology, office and entertainment** includes electronics, software, office supplies and office furniture
  - **Health and wellness** includes pharmacy, optical and hearing services

Distribution:

- **Walmart U.S. -** In fiscal year 2015 80% of the Walmart U.S. segment's purchases of merchandise were shipped through their 134 distribution facilities located strategically around the United States. The composition of those distribution facilities is as follows:
  - Owned and operated: **102**
  - Owned and third party operated: **2**
  - Leased and operated: **6**
  - Leased and third party operated: **24**

- **Sam's Club -** In fiscal year 2015 66% of the Sam's Club segments non gas purchases were handled through Sam's Club's 24 dedicated distribution facilities strategically located throughout the United States. The composition of these facilities is as follows:
    - Owned and operated: **3**
    - Owned and third party operated: **3**
    - Leased and operated: **2**
    - Leased and third party operated: **16**
- **Walmart International -** Walmart utilizes a total of 156 distribution facilities located in Argentina, Brazil, Canada, Chile, China, India, Japan and the United Kingdom. These facilities process and distribute both imported and domestic products. During fiscal year 2015 these facilities handled approximately 80% of the segments purchases. The composition of these facilities is as follows:
    - Owned and operated: **41**
    - Owned and third party operated: **11**
    - Leased and operated: **70**
    - Leased and third party operated: **34**

Walmart Sales Breakdown: Product Categories

Walmart U.S.	
Grocery	56%
Health and Wellness	11%
Entertainment	10%
Hardlines	9%
Apparel	7%
Home	7%

Sam's Club	
Grocery and Consumables	57%
Fuel and Other	23%
Home and Apparel	8%
Technology, Office and Entertainment	7%
Health and Wellness	5%

Seeing how over half of Walmart's revenue comes from the sale of groceries, they have a buffer to the encroachment of e-commerce sites such as Amazon. This implies that the company can rely on this steady stream of revenue and absorb the effects of Amazon's competition while Walmart develops their own e-commerce capabilities.

Top Shareholders

Holder	% Of CSO	Owner Type
Walton Enterprises, LLC	44.165	Corporations (Private)
Walton J.D., S. Robson	6.143	Individuals/Insiders
Walton Family	6.051	Corporations (Private)
The Vanguard Group, Inc.	3.075	Traditional Investment Managers
BlackRock, Inc. (NYSE:BLK)	2.666	Traditional Investment Managers
State Street Global Advisors, Inc.	2.119	Traditional Investment Managers
Berkshire Hathaway Inc. (NYSE:BRK.A)	1.884	Insurance Companies
Dodge & Cox	0.957	Traditional Investment Managers
Wellington Management Group LLP	0.657	Traditional Investment Managers
Northern Trust Global Investments	0.618	Traditional Investment Managers
BNY Mellon Asset Management	0.544	Traditional Investment Managers
Walton, Alice L.	0.526	Individuals/Insiders
State Farm Insurance Companies, Asset Management Arm	0.524	Traditional Investment Managers
Barrow, Hanley, Mewhinney & Strauss, Inc.	0.519	Traditional Investment Managers
Geode Capital Management, LLC	0.409	Traditional Investment Managers
Bill & Melinda Gates Foundation Asset Trust	0.362	Charitable Foundations
Merrill Lynch & Co. Inc., Banking Investments	0.35	Banks/Investment Banks
Walter Scott & Partners Limited	0.33	Traditional Investment Managers
Walton, Jim C. (Director and Member of Technology & Ecommerce Committee)	0.328	Individuals/Insiders
Invesco Ltd. (NYSE:IVZ)	0.276	Traditional Investment Managers
Fidelity Investments	0.265	Traditional Investment Managers
Grantham, Mayo, Van Otterloo & Co. LLC	0.259	Traditional Investment Managers
Columbia Management Investment Advisers, LLC	0.252	Traditional Investment Managers
Morgan Stanley, Investment Banking and Brokerage Investments	0.248	Banks/Investment Banks

The Walton family comprise a collective 57.2% of the company. This shows that the company remains under the control of a family that is still very much invested in the profits, reputation, and legacy of the firm.

Properties

U.S.	Owned and Operated	Leased and Operated
Walmart U.S.	3860	656
Sam's Club	536	111
Total	4396	767

International	Owned and Operated	Leased and Operated
Africa	41	355
Argentina	64	41
Brazil	228	329
Canada	132	262
Central America	223	467
Chile	244	160
China	3	408
India	2	18
Japan	61	370
Mexico	671	1619
United Kingdom	410	182
Total	**2079**	**4211**

According to Walmart's latest annual filling, the cost-based value of the company's owned land is $26.3B. This gives the company a lot of options in terms of creating value for shareholders.

Debt Structure

Description	Type	Principal Due (USD)	Coupon Rate	Floating Rate	Maturity	Seniority	Secured	Convertible	Repayment Currency
Debt *	Other Borrowings	34,314	NA	NA	NA	Senior	No	No	USD
Long-term Capital Lease and Financing Obligations	Capital Lease	4,725	3.0% - 12.6%	NA	NA	Senior	Yes	No	USD
Notes Issuances (USD)	Bonds and Notes	9,750	Weighted Average of 2.64%	NA	Vary (see chart)	Senior	No	No	USD
Notes Issuances (EUR)	Bonds and Notes	1,693	Weighted Average of 2.18%	NA	Vary (see chart)	Senior	No	No	EUR
Secured Bond *	Bonds and Notes	139	NA	NA	NA	Senior	Yes	No	USD
Short-term Borrowings	Other Borrowings	1,725	0.5%	NA	2016	Senior	No	No	USD

Walmart Stores Inc. currently sports an interest coverage ratio of 14.4x, indicating that the company will have no difficulty servicing its debt capitalization. Also, the company's current cash balance of $5.75B shows that the company will not have difficulty paying off their notes and bonds as they come to maturity.

Comparable Companies Analysis

Company Name	EV	LTM Revenue	LTM EBITDA	TEV/EBITDA LTM	TEV/Revenue LTM	P/E LTM	P/BV LTM	LTM Total Debt/EBITDA	LTM Net Debt/EBITDA	LTM EBITDA/Interest
Big Lots (NYSE: BIG)	2,562	5,190	349	7.3x	0.5x	17.90x	3.70x	0.60x	0.50x	109.3x
Costco Wholesale Co.(NasdaqGS:COST)	69,255	116,199	4,751	14.6x	0.6x	30.10x	6.50x	1.40x	0.01x	38.3x
CVS Health Co. (NYSE:CVS)	127,806	127,806	10,920	11.7x	0.9x	23.40x	3.10x	1.20x	1.10x	18.1x
PriceSmart Inc. (NYSE: CVS)	2,494	2,726	179	13.9x	0.9x	28.40x	4.40x	0.60x	NA	29.5x
Target Corp. (NYSE:TGT)	57,878	73,550	7,353	7.9x	0.8x	17.60x	3.50x	1.70x	1.36x	12.2x
Tesco PLC (LSE:TSCO)	39,711	93,523	1,023	39.9x	0.4x	NA	2.50x	18.90x	15.97x	1.2x
The Kroger Co. (NYSE:KR)	47,678	108,784	5,537	8.6x	0.4x	19.20x	6.20x	2.00x	1.99x	11.3x
Wal-Mart Stores Inc. (NYSE:WMT)	231,983	485,621	35,267	6.6x	0.5x	11.90x	2.40	1.40x	1.25x	13.0x
High	127,806	145,577	10,920	39.9x	0.9x	29.40x	6.50x	18.90x	15.97x	109.30x
Low	2,494	2,726	179	7.3x	0.4x	16.70x	2.50x	0.60x	0.01x	1.20x
Mean	49,626	77,935	4,301	14.8x	0.6x	23.00x	4.30x	3.80x	3.48x	31.40x
Median	47,678	93,523	4,751	11.7x	0.6x	22.30x	3.70x	1.40x	1.22x	18.10x

Looking at the comparable companies analysis, it becomes apparent that Walmart currently has one of the lowest valuations relative to its peers. Walmart's valuation figures far from represent the firm's extremely strong financial position and proven operational ability. Walmart also boasts a $0.49 quarterly dividend which at current market prices equates to a roughly 3.0% annual yield. This return combined with the company's AA credit rating should carry investors through any short-term price downturn as we are currently witnessing.

Shareholder Wealth Creation

Walmart Stores Inc.: Shareholder Wealth Creation Analysis														
Year	Book Value	Dividends	BV Growth	BV+Div Growth	BVPS	BVPS Growth	BVPS + Div Growth	Price/sh	Share Price Growth	Div/Sh	Sh+Div Growth	P/B	Shares OUT
2007	$ 64,608				$ 16.3			50.74				3.1x	3,973.00
2008	$ 65,285	$ 3,746	1%	7%	$ 16.6	2%	8%	47.12	-7%	$0.95	-5.3%	2.8x	3,925.00
2009	$ 70,468	$ 4,217	8%	14%	$ 18.6	12%	19%	53.43	13%	$1.11	15.8%	2.9x	3,786.00
2010	$ 68,542	$ 4,437	-3%	4%	$ 19.5	5%	12%	56.07	5%	$1.26	13.0%	2.9x	3,516.00
2011	$ 71,315	$ 5,048	4%	11%	$ 20.9	7%	15%	61.36	9%	$1.48	12.1%	2.9x	3,418.00
2012	$ 76,343	$ 5,361	7%	15%	$ 23.0	10%	18%	69.95	14%	$1.62	16.6%	3.0x	3,314.00
2013	$ 76,255	$ 6,139	0%	8%	$ 23.6	2%	11%	74.68	7%	$1.90	9.5%	3.2x	3,233.00
2014	$ 81,394	$ 6,185	7%	15%	$ 25.2	7%	15%	$ 84.98	14%	$1.92	16.4%	3.4x	3,228.00
		ACGR	2.9%	10.4%		6.5%	13.8%		7.6%		10.9%		
		TR	26.0%			55.1%			67.5%				

$20 Billion Share Repurchase Program

On October 14, 2015, Walmart announced that its board of directors had authorized a $20B share repurchase program to be completed over the next 2 years. The board also scrapped the remainder of the previous $15B share repurchase program, of which $8.6B remained unused. Between 2013 and this announcement, Walmart repurchased $6.4B worth of shares through its previous share repurchase program. Over the previous 5 years, shares outstanding has dropped by 16%.

The current planned $20B buyback would be an addition to the amount already repurchased, and would represent roughly 10% (340M shares) of the company's current shares outstanding based on current market prices. It should be noted that the company currently only has a 42.6% public float due to the large ownership stakes of the members of the Walton family. Overall, the combination of the company's relatively small public float percentage with this massive share repurchase program will consolidate the immense value of the company into a substantially reduced number of shares.

Return On Equity
25%
24%
23%
22%
21%
20%
19%
18%
20%
24%
22%
22%
21%
20%
2010
2011
2012
2013
2014
2015

Return On Investment
19.5%
19.0%
18.5%
18.0%
17.5%
17.0%
16.5%
16.0%
15.5%
19.3%
19.2%
18.6%
18.2%
17.0%
16.9%
2010
2011
2012
2013
2014
2015

Return On Assets
9.2%
9.0%
8.8%
8.6%
8.4%
8.2%
8.0%
7.8%
7.6%
7.4%
7.2%
8.43%
9.07%
8.12%
8.37%
7.83%
8.03%
2010
2011
2012
2013
2014
2015

Valuation Rationale

Recommendation: Purchase Walmart Common Stock at or below $55
Investment Horizon: 2 – 3 Years

We believe Walmart is cheap compared to its peers based on a number of factors. As the market leader with a significant retail market share and a strategy that is quite immune to economic slowdowns due to its cost leadership and economies of scale, we believe Walmart has dropped in value unnecessarily. As the common stock has devalued by roughly 30% in the markets YTD, we believe market participants are acting irrational based on Walmart's success and safety.

Compared to its competitors, Walmart has the lowest P/BV, P/E, and P/Sales. The firm continues to expand having opened 316 stores last year and only closing 3. This will contribute to the revenue growth moving forward. Its AA credit rating and manageable debt levels make it very safe in volatile times such as now. In addition, its dividend payout at roughly 3% (higher than peers) is very attractive and an easy source of additional value to shareholders. During the years surrounding the recession between 2008 and 2011, its P/E went as low as 12x and it is currently at roughly 11.9x. Additionally, with the Walton family continuing to hold a majority stake in the firm, we believe interests continue to be on the long-term success. Moving forward, we believe any slow-down in Europe or Asia will force consumers to look into cheaper/discount products that Walmart is known for. Its growing presence in emerging markets (China & India) allow it position itself for long-term growth through the growing middle classes in those regions.

With the rise of online shopping, Walmart has responded through aggressive pricing and the rise of their own online establishment. As over 50% of Walmart's sales come from groceries, online shopping will not have a significant impact on this in the near-term. Cheap prices will keep consumers coming to Wal-Mart and its strategy to target local areas has proven to be quite successful. Lastly, by being in areas that aren't as desired, property prices for expansion and taxes remain lower. Recently, Walmart has announced that it is increasing minimum wage to $10 and $15 in other locations. This is a good thing as Walmart is positioning itself as a leader in the politics of minimum wage increases that are likely to impact all businesses in the coming years. In addition, someone making $10 or $15 an hour will be unlikely to suddenly start shopping at more expensive retailers. Walmart prices will continue to appeal to them and if anything, these employees will end up driving up sales further through their own purchases.

We believe the stock is worth at least $75.00 currently based on how it is trading relative to peers now and in the past. This is a conservative measure based on the median of various ratios including P/BV, P/E, and EV/EBITDA. We also took into account the company's ability to provide returns on assets, invested capital, and equity over the years even as the firm has matured considerably. Lastly, Walmart's ability to grow book value has also been strong and will be something to keep an eye on moving forward.

Appendix

Balance Sheet

Balance Sheet					
Balance Sheet as of:	**Jan-31-2011**	**Jan-31-2012**	**Jan-31-2013**	**Jan-31-2014**	**Jan-31-2015**
Current Assets					
Cash and Cash Equivalents	7,395.0	6,550.0	7,781.0	7,281.0	9,135.0
Receivables	5,089.0	5,937.0	6,768.0	6,677.0	6,778.0
Inventories	36,437.0	40,714.0	43,803.0	44,858.0	45,141.0
Prepaid Expenses and Other Assets (current)	2,960.0	1,685.0	1,551.0	1,909.0	2,224.0
Current Assets of Discontinued Operations	131.0	89.0	37.0	460.0	-
Total Current Assets	**52,012.0**	**54,975.0**	**59,940.0**	**61,185.0**	**63,278.0**
Non Current Assets					
Property Under Capital Leases	5,905.0	5,936.0	5,899.0	5,589.0	5,239.0
Less-accumulated Amortization	(3,125.0)	(3,215.0)	(3,147.0)	(3,046.0)	(2,864.0)
Accumulated Depreciation	(43,486.0)	(45,399.0)	(51,896.0)	-	-
Property and Equipment	148,584.0	155,002.0	165,825.0	-	-
Property and Equipment, net	-	-	-	115,364.0	114,280.0
Goodwill	16,763.0	20,651.0	20,497.0	19,510.0	18,102.0
Other Assets and Deferred Charges	4,129.0	5,456.0	5,987.0	6,149.0	5,671.0
Total Assets	**180,782.0**	**193,406.0**	**203,105.0**	**204,751.0**	**203,706.0**
Current Liabilities					
Accounts Payable	33,676.0	36,608.0	38,080.0	37,415.0	38,410.0
Accrued Liabilities	18,701.0	18,154.0	18,808.0	18,793.0	19,152.0
Short-term Borrowings	1,031.0	4,047.0	6,805.0	7,670.0	1,592.0
Long-term Debt Due Within One Year	4,655.0	1,975.0	5,587.0	4,103.0	4,810.0
Obligations Under Capital Leases Due Within One Year	336.0	326.0	327.0	309.0	287.0
Accrued Income Taxes	157.0	1,164.0	2,211.0	966.0	1,021.0
Current Liabilities of Discontinued Operations	47.0	26.0	-	89.0	-
Total Current Liabilities	**58,603.0**	**62,300.0**	**71,818.0**	**69,345.0**	**65,272.0**
Non Current Liabilities					
Long-term Debt	40,692.0	44,070.0	38,394.0	41,771.0	41,086.0
Long-term Obligations Under Capital Leases	3,150.0	3,009.0	3,023.0	2,788.0	2,606.0
Minority Interest	2,705.0	4,446.0	5,395.0	5,084.0	4,543.0
Redeemable Non-controlling Interests	408.0	404.0	519.0	1,491.0	-
Deferred Income Taxes and Other	6,682.0	7,862.0	7,613.0	8,017.0	8,805.0
Shareholders' Equity					
Common Stock - Par Value	352.0	342.0	332.0	323.0	323.0
Additional Paid in Capital	3,577.0	3,692.0	3,620.0	2,362.0	2,462.0
Retained Earnings	63,967.0	68,691.0	72,978.0	76,566.0	85,777.0
Accumulated Other Comprehensive Income (Loss)	646.0	(1,410.0)	(587.0)	(2,996.0)	(7,168.0)
Total Shareholders Equity	**68,542.0**	**71,315.0**	**76,343.0**	**76,255.0**	**81,394.0**
Total Liabilities & Shareholders Equity	**180,782.0**	**193,406.0**	**203,105.0**	**204,751.0**	**203,706.0**

Income Statement

Income Statement					
For the Fiscal Period Ending	**12 months Jan-31-2011**	**12 months Jan-31-2012**	**12 months Jan-31-2013**	**12 months Jan-31-2014**	**12 months Jan-31-2015**
Revenues					
Membership and Other Income	2,897.0	3,093.0	3,047.0	3,218.0	3,422.0
Net Sales	418,952.0	443,416.0	465,604.0	473,076.0	482,229.0
Total Revenues	**421,849.0**	**446,509.0**	**468,651.0**	**476,294.0**	**485,651.0**
Expenses					
Cost of Sales	(314,946.0)	(334,993.0)	(352,297.0)	(358,069.0)	(365,086.0)
Operating, Selling, General and Administrative Expenses	(81,361.0)	(85,025.0)	(88,629.0)	(91,353.0)	(93,418.0)
Capital Leases	(277.0)	(286.0)	(272.0)	(263.0)	(300.0)
Interests Debts	(1,928.0)	(2,034.0)	(1,977.0)	(2,072.0)	(2,161.0)
Interest Income	201.0	161.0	186.0	119.0	113.0
Earnings before Taxes	**23,538.0**	**24,332.0**	**25,662.0**	**24,656.0**	**24,799.0**
Taxes and Other Expenses					
Provision for Income Tax	(6,703.0)	(6,722.0)	(7,976.0)	(8,619.0)	(8,504.0)
Provision for Income Tax	(876.0)	(1,202.0)	18.0	514.0	519.0
Minority Interest (After Tax)	(604.0)	(688.0)	(757.0)	(673.0)	(736.0)
Earnings of Discontinued Operations	1,034.0	(21.0)	52.0	144.0	285.0
Net Income (Loss)	**16,389.0**	**15,699.0**	**16,999.0**	**16,022.0**	**16,363.0**
Supplementary Info					
Operating Income (Loss)	25,542.0	26,491.0	27,725.0	26,872.0	27,147.0
Basic EPS - Continuing Operations	4.2	-	-	-	-
Basic EPS - Discontinued Operations	0.28	(0.01)	0.01	-	-
Basic Earnings Per Share – Total	4.48	4.54	5.04	4.9	5.07
Diluted EPS - Continuing Operations	4.18	4.53	-	-	-
Diluted EPS - Discontinued Operations	0.29	(0.01)	0.01	-	-
Diluted Earnings Per Share – Total	4.47	4.52	5.02	4.88	5.05

Cash Flow Statement

Cash Flow					
For the Fiscal Period Ending	**12 months Jan-31-2011**	**12 months Jan-31-2012**	**12 months Jan-31-2013**	**12 months Jan-31-2014**	**12 months Jan-31-2015**
Operating Activities					
Income from Continuing Operations	16,993.0	16,387.0	17,756.0	16,695.0	17,099.0
Depreciation and Amortization	7,641.0	8,106.0	8,478.0	8,870.0	9,173.0
Other Operating Activities	1,087.0	468.0	602.0	938.0	785.0
Income (Loss) from Discontinued Operations, Net of Income Taxes	(1,034.0)	21.0	(52.0)	(144.0)	(285.0)
Receivables, Net	(733.0)	(796.0)	(614.0)	(566.0)	(569.0)
Inventories	(3,205.0)	(3,727.0)	(2,759.0)	(1,667.0)	(1,229.0)
Change in Accounts Payable	2,676.0	2,687.0	1,061.0	531.0	2,678.0
Accrued Income Taxes	-	994.0	981.0	(1,224.0)	166.0
Deferred Income Taxes	651.0	1,050.0	(133.0)	(279.0)	(503.0)
Accrued Liabilities	(433.0)	(935.0)	271.0	103.0	1,249.0
Cash Flow from Operating Activities	**23,643.0**	**24,255.0**	**25,591.0**	**23,257.0**	**28,564.0**
Investing Activities					
Payments for Property, Plant. and Equipment	(12,699.0)	(13,510.0)	(12,898.0)	(13,115.0)	(12,174.0)
Proceeds from the Disposal of Property and Equipment	489.0	580.0	532.0	727.0	570.0
Investments and Business Acquisitions, Net of Cash Acquired	(202.0)	(3,548.0)	-	-	-
Other Investing Activities	219.0	(131.0)	(271.0)	(138.0)	(192.0)
Proceeds from Disposal of Certain Operations	-	-	-	-	671.0
Cash Flow from Investing Activities	**(12,193.0)**	**(16,609.0)**	**(12,637.0)**	**(12,526.0)**	**(11,125.0)**
Financing Activities					
Payments of Long-term Debt	(4,080.0)	(4,584.0)	(1,478.0)	(4,968.0)	(3,904.0)
Proceeds from Issuance of Long-term Debt	11,396.0	5,050.0	211.0	7,072.0	5,174.0
Changes in Short-term Borrowings, Net	503.0	3,019.0	2,754.0	911.0	(6,288.0)
Payment of Capital Lease Obligations	(363.0)	-	-	-	-
Purchase of Company Stock	(14,776.0)	(6,298.0)	(7,600.0)	(6,683.0)	(1,015.0)
Dividends Paid	(4,437.0)	(5,048.0)	(5,361.0)	(6,139.0)	(6,185.0)
Other Financing Activities	(271.0)	(71.0)	(58.0)	(260.0)	(409.0)
Purchase of Non-controlling Interest	-	-	(132.0)	(296.0)	(1,844.0)
Dividends Paid to Non-controlling Interest	-	(526.0)	(282.0)	(426.0)	(600.0)
Cash Flow from Financing Activities	**(12,028.0)**	**(8,458.0)**	**(11,946.0)**	**(10,789.0)**	**(15,071.0)**
Other Adjustments					
Foreign Exchange Rate Effect on Cash and Cash Equivalents	66.0	(33.0)	223.0	(442.0)	(514.0)
Cash Flow Net Changes in Cash	(512.0)	(845.0)	1,231.0	(500.0)	1,854.0