Schwab Equity Ratings® Report
Report generated on 01/31/2018, 06:07 AM
Powered by Schwab QORE Analytics™

WALMART STORES INC

SCHWAB EQUITY RATING

A Strongly Outperform
Percentile Ranking: 1
Data as of 01/26/2018

Last week’s rating: A Strongly Outperform
Percentile Ranking: 1
Data as of 01/19/2018

Schwab Equity Ratings is a quantitative measure of the equity’s prospects for stock price appreciation over the next twelve months in relation to its market peers.

For more details about the quantitative model’s design and intent, please review the Schwab Equity Foundations document.

For more information on important disclosures please visit page 4 within this report.

PRICE VOLATILITY OUTLOOK

Last week’s rating: Low
Data as of 01/19/2018

Price Volatility Outlook measures the degree of variance typically demonstrated by the equity in relation to its peers within the same A–F ratings group. The outlook’s measurement is based on a six month forecast.

Investment suitability is partially dependent on your portfolio risk tolerance. Positive or negative connotations associated with the price volatility outlook score should mirror your personal risk appetite. For more information, please consult Managing a Portfolio Using Schwab Equity Ratings.

RATIONAL BEHIND OUR A RATING ON WMT

For details about inputs to Schwab Equity Rating, see “Schwab Equity Ratings Foundations” in the “Stocks” article library under Market Insight.

VALUATION GRADE

Balance Sheet Evaluation
Neutral
Neutral
High

Income Statement Evaluation
Positive
Positive
Medium

QUALITY GRADE

Profitability
Positive
Positive
High

Capital Intensity
Neutral
Neutral
Medium

SENTIMENT GRADE

Price Momentum
Positive
Positive
Medium

Analyst Sentiment
Positive
Positive
Low

Investor Sentiment
Positive
Positive
Medium

PRICE & VOLUME HISTORY

WMT Daily Close Prices

Price Performance vs. the S&P 500

OVERVIEW

Price as of 1/30/18
$107.73

Market Capitalization
319.1 Billion

Asset Class
Large Cap

Beta
0.44

SECTOR/INDUSTRY

Source: S&P Capital IQ

Sector
Consumer Staples

Industry
Food & Staples Retailing

Sub-Industry
Hypermarkets & Super Centers

Schwab Sector Viewpoint
Marketperform

METRICS

Source: Reuters

VALUE METRICS

WMT
S&P 500

P/E last 4Q
28.6
--

P/E forecast EPS
24.3
26.9

P/Free Cash Flow last 4Q
25.3
--

P/Sales last 4Q
0.64
--

Price/Book
4.2
7.9

Dividend Yield(%) (F)
1.9
--

GROWTH METRICS ( % )

1 year sales growth
2.1
--

3 year sales growth
7
9.3

1 year EPS growth
-18.3
--

3 year EPS growth
-3.2
19.8

1-year forecast EPS growth
2.8
22.6

Long term growth rate 3-5 years
7.1
14.7

1 year dividend growth
2.0
--

3 year dividend growth
2.1
17.5

MOMENTUM METRICS ( % )

4 week stock price change
9.3
4.7

26 week stock price change
33.8
14.0

FINANCIAL METRICS ( % )

Gross margin
25.6
--

Net margin
2.5
--

Return on assets
5.8
--

Return on equity
14.9
--

Return on invested capital
9.5
11.1

Long-term debt/capital
.39
.44

© 2018 Charles Schwab & Co., Inc. (0118-7705)
WALMART STORES INC

EARNINGS PER SHARE
Fiscal Year ending in January

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Quarterly $</td>
<td>$1.50</td>
<td>$1.00</td>
<td>$0.96</td>
<td>$0.58</td>
<td>$1.36</td>
<td>$6.00</td>
<td>$4.94</td>
<td>$4.96</td>
<td>$4.38</td>
<td>$4.44</td>
</tr>
<tr>
<td>Annual $</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$2.00</td>
<td>$4.00</td>
<td>$6.00</td>
<td>$4.96</td>
<td>$4.96</td>
<td>$4.38</td>
<td>$4.44</td>
</tr>
</tbody>
</table>

vs. prior year (%) -12.8  2.0  0.9  2.0  --  -3.3  2.5  -7.9  -4.0  --
Earnings Surprise(%)  --  --  --  --  --  --  --  --  --  --
# of analysts  27  27  28  29  29

Next earnings announcement is expected in the week of 2/20

REVENUE
Fiscal Year ending in January

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Quarterly $</td>
<td>$150.0B</td>
<td>$130.9B</td>
<td>$117.5B</td>
<td>$123.3B</td>
<td>$134.8B</td>
<td>$600B</td>
<td>$476.29B</td>
<td>$485.65B</td>
<td>$482.138B</td>
<td>$485.878B</td>
</tr>
<tr>
<td>Annual $</td>
<td>$100.0B</td>
<td>$80.0B</td>
<td>$60.0B</td>
<td>$60.0B</td>
<td>$60.0B</td>
<td>$8B</td>
<td>$8B</td>
<td>$8B</td>
<td>$8B</td>
<td>$8B</td>
</tr>
</tbody>
</table>

vs. 1 year ago (%)  1.0  1.4  2.1  4.2  --  1.6  2.0  -0.7  0.8  --

ANNUAL EARNINGS FORECAST
Source: Reuters

<table>
<thead>
<tr>
<th></th>
<th>01/31/2018</th>
<th>01/31/2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>MEAN FORECAST</td>
<td>$4.44</td>
<td>$4.89</td>
</tr>
<tr>
<td>CONSENSUS CHANGE IN LAST 30 DAYS</td>
<td>$0.01</td>
<td>$0.18</td>
</tr>
<tr>
<td>FORECAST RANGE</td>
<td>$4.32-$4.52</td>
<td>$4.37-$5.40</td>
</tr>
<tr>
<td>NUMBER OF FORECASTS</td>
<td>31</td>
<td>32</td>
</tr>
</tbody>
</table>

Next 5 Yr. Growth Rate  7.1%  1.3%  4.0%-10.0%  6

DIVIDENDS
Dividends data source: Reuters

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Quarterly $</td>
<td>$0.50</td>
<td>$0.50</td>
<td>$0.51</td>
<td>$0.51</td>
<td>$0.51</td>
<td>$2.00</td>
<td>$1.88</td>
<td>$1.92</td>
<td>$1.96</td>
</tr>
<tr>
<td>Annual $</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$1.50</td>
<td>$0.50</td>
<td>$0.00</td>
<td>$2.00</td>
<td>$1.36</td>
<td>$2.00</td>
</tr>
</tbody>
</table>

Dividends are paid on a Quarterly basis.

© 2018 Charles Schwab & Co., Inc. (0118-7705)
No Recent News for WMT.
WALMART STORES INC

IMPORTANT DISCLOSURES FOR WMT

Regulation Analyst Certification: The views expressed in this research report accurately reflect Schwab's quantitative research model, and no part of Schwab's compensation was, is or will be, directly or indirectly, related to the specific recommendations or views disclosed in the research report.

Note the Price Chart in the disclosures of this report which shows the rating and price history over applicable periods for this stock, including if and when coverage was terminated or suspended.

Within the previous 12 months, the percentage of companies that have a Schwab Equity Rating and for which Schwab has provided investment banking services are as follows:

- 1.91% in Buy Category (Schwab Equity Ratings and Schwab Equity Ratings International of A or B)
- 2.28% in Hold Category (Schwab Equity Ratings and Schwab Equity Ratings International of C)
- 1.2% in Sell Category (Schwab Equity Ratings and Schwab Equity Ratings International of D or F)

Price History for WMT

SCHWAB EQUITY RATINGS MEANING AND DISTRIBUTION

Schwab Equity Ratings are assigned to approximately 3000 U.S.-traded stocks. The Schwab Equity Ratings model universe is generally composed of the combined set of stocks in the Russell Investments' ("Russell") 3000 Index and the Standard & Poor's ("S&P") 500 Index. Additional universe coverage may be incorporated from time to time. The explanation and table below are included to assist you in using Schwab Equity Ratings as one component of your own research to evaluate stocks and investment opportunities.

Schwab rates stocks using a scale of A/B/C/D/F. Schwab's outlook is that "A" rated stocks, on average, will strongly outperform and "F" rated stocks, on average, will underperform the equities market over the next 12 months. Schwab Equity Ratings are based upon a disciplined, systematic approach that evaluates each stock on the basis of a wide variety of investment criteria from three broad categories: Fundamentals, Valuation, and Momentum. This approach attempts to gauge investor expectations since stock prices tend to move in the same direction as changes in investor expectations. Stocks with low and potentially improving investor expectations tend to receive the best Schwab Equity Ratings ("A" or "B" ratings), while stocks with high and potentially falling investor expectations tend to receive the worst Schwab Equity Ratings ("D" or "F" ratings). From time to time, Schwab may update the Schwab Equity Ratings methodology.

<table>
<thead>
<tr>
<th>Schwab Equity Rating Distribution</th>
<th>Percentile Ranking Distribution</th>
<th>Distribution of Rating Within Sector</th>
<th>12 Month Return Outlook</th>
<th>General Buy/Hold/Sell Guidance*</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>91 - 100</td>
<td>Bottom 10%</td>
<td>Strongly Underperform</td>
<td>Sell</td>
</tr>
<tr>
<td>B</td>
<td>71 - 90</td>
<td>Next 20%</td>
<td>Underperform</td>
<td>Hold</td>
</tr>
<tr>
<td>C</td>
<td>31 - 70</td>
<td>Next 40%</td>
<td>Marketerperform</td>
<td>Hold</td>
</tr>
<tr>
<td>D</td>
<td>11 - 30</td>
<td>Next 20%</td>
<td>Outperform</td>
<td>Buy</td>
</tr>
<tr>
<td>F</td>
<td>1 - 10</td>
<td>Top 10%</td>
<td>Strongly Outperform</td>
<td>Buy</td>
</tr>
</tbody>
</table>

*The general buy/hold/sell guidance is relative to other rated equities only. Before considering whether to take any action, an investor should consider whether equities generally are performing well in comparison to other asset classes and whether other equities in the same sector or category with the same or better rating may be more appropriate.

Investment Rating Explanation

A (Strongly Outperform): If an investor is looking to add a stock to his or her portfolio, "A" rated stocks may be the best candidates for consideration.

B (Outperform): An investor looking to add a stock to his or her portfolio might also consider a "B" rated stock, though preference should be given to "A" rated stocks.

C (Marketperform): An investor would not usually consider a "C" rated stock for purchase. An investor holding a "C" rated stock in his or her portfolio should consider continuing to hold the stock, and might monitor the stock's ongoing performance and compare the potential benefits of owning a stock with higher ratings.

D (Underperform): An investor holding a "D" rated stock should consider whether it is appropriate to continue to hold that stock in his or her portfolio. An investor would not usually consider a "D" rated stock for purchase.

F (Strongly Underperform): An investor holding an "F" rated stock should consider whether it is appropriate to eliminate that stock from his or her portfolio. An investor would not usually consider an "F" rated stock for purchase.

Percentile Rankings Explanation: Each of the approximately 3,000 stocks rated in the Schwab Equity Ratings U.S. universe is given a score that is derived from the research factors used in the Schwab Equity Ratings model. Once the stock's composite score, which includes all research factor scores, is calculated, the universe of rated stocks is divided into two groups: large-capitalization ("large-cap") stocks – generally the combined set of stocks in the Russell 1000 Index and the S&P 500 Index – and small-cap stocks – generally those stocks in the Russell 2000 Index. The large- and small-cap groups are further divided into eleven economic sectors within each capitalization group. The assignment of a final Schwab Equity Rating depends on how well a given stock's composite score ranks against the composite scores of other stocks in the same capitalization group and sector. The result is a stock's within-capitalization-group and within-sector, or cap-neutral and sector-neutral, percentile ranking. The lowest percentile rankings represent the best scores and correspond to the best letter grades. For example, in a sector of 400 rated stocks, the top 4 stocks would receive a percentile ranking of 1 and the bottom 4 stocks would receive a percentile ranking of 100. Stocks ranked in percentile groups 1-10 are rated "A" and those in percentile groups 11-30 are rated "B."
### WALMART STORES INC

#### IMPORTANT DISCLOSURES FOR WMT

##### Model Risks

Schwab Equity Ratings uses quantitative analyses in its modeling method. Any limitations or inaccuracies in its analyses or models could affect model performance and the results investors may achieve. Models that appear to explain prior market data can fail to predict future market events. While the data used in the models has been taken from sources Schwab believes to be reliable; its accuracy, completeness or interpretation cannot be guaranteed. Schwab Equity Ratings may not capture subjective, qualitative influences on return and risk such as changes in management, business and political trends, or legal and regulatory developments. Thus, it is important to conduct additional research prior to making a trading decision.

##### Descriptions for Non-Rated Stocks

<table>
<thead>
<tr>
<th>Category</th>
<th>Definition</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>NR</td>
<td>Not Rated</td>
<td>Schwab has decided not to publish a rating on this stock due to unusual or extraordinary business circumstances related to this company. Although Schwab generally does not monitor C, D, and F rated stocks for unusual or extraordinary business circumstances, from time to time, a rating of NR may appear on a particular stock.</td>
</tr>
<tr>
<td>NA</td>
<td>Not Available</td>
<td>A Schwab Equity Rating is not available on this stock due to insufficient information about this stock.</td>
</tr>
<tr>
<td>NC</td>
<td>Not Covered</td>
<td>This stock is not currently in the Schwab Equity Ratings universe or is prohibited from coverage for regulatory or other reasons.</td>
</tr>
</tbody>
</table>

#### DISCLAIMER INFORMATION

**VARYING VIEWPOINTS** - The information contained in these materials reflects the Charles Schwab & Co., Inc. Schwab Equity Rating on a particular stock. Schwab, its affiliates and/or their employees may publish or otherwise express other viewpoints or trading strategies that may conflict with the Schwab Equity Rating included in this report. Please be aware that Schwab and/or its affiliates and the investment funds and managed accounts they manage may take positions, which may be contrary to the included Schwab Equity Rating.

**GENERAL INFORMATION** - This material is for informational purposes only and is not an offer to sell or the solicitation of an offer to buy. Additionally, Schwab Equity Ratings, Percentile Rankings, and the general guidance are not personal recommendations for any particular investor or client and do not take into account the financial, investment or other objectives or needs of, and may not be suitable for any particular investor or client. Investors and clients should consider Schwab Equity Ratings as only a single factor in making their investment decision while taking into account the current market environment. Schwab Equity Ratings utilize third-party data in computing a rating. While Schwab believes such third-party information is reliable, we do not guarantee its accuracy, timeliness or completeness. The Schwab Center for Financial Research may provide research consulting services, such as those related to Schwab Equity Ratings model design and performance, to Schwab investment advisory affiliates for their asset management purposes. Such services are not available to all other clients. Schwab Equity Ratings are generally updated weekly, so you should review and consider any recent market or company news before taking any action. Past history is no indication of future performance and you may lose money on your investment. For questions, please call 877-284-9817.

**GICS** - The industry classification information contained in these materials reflects The Global Industry Classification Standard (GICS) which was developed by and is the exclusive property of Morgan Stanley Capital International Inc. and Standard and Poor’s. GICS is a service mark of MSCI and S&P and has been licensed for use by Schwab.

**FOR RECIPIENTS IN SINGAPORE** - This report is prepared by Schwab Center for Financial Research, a division of Charles Schwab & Co., and distributed in Singapore by an intermediary who is a Financial Adviser or Exempt Financial Adviser as defined in the Singapore Financial Advisers Act pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations in Singapore. Where the research is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, the distributor accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact the distributor in Singapore for matters arising from, or in connection with the report.

¹Markit on Demand used S&P Capital IQ’s data in making its calculations.