

WALMART STORES INC

WMT
NYSE

A Strongly Outperform
Data as of 01/26/2018

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

| | | | |
|----------|--------|-----------------------|------------|
| A | 1-10 | Strongly Outperform | BUY |
| B | 11-30 | Outperform | BUY |
| C | 31-70 | Marketperform | HOLD |
| D | 71-90 | Underperform | SELL |
| F | 91-100 | Strongly Underperform | SELL |

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

Low Below average price volatility
Data as of 01/26/2018

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

| | |
|------------|---------------------------------------|
| High | Above average price volatility |
| Medium | Average price volatility |
| Low | Below average price volatility |
| N/A | Volatility score not available |

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.

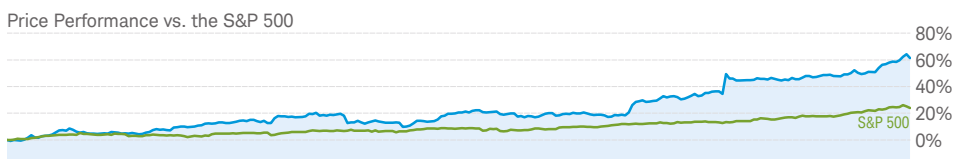
RATIONALE BEHIND OUR **A** RATING ON WMT

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

▲ IMPROVED VS. PREVIOUS WEEK
▼ DECLINED VS. PREVIOUS WEEK

| | THIS WEEK | LAST WEEK | IMPORTANCE |
|-----------------------------|-----------|-----------|------------|
| B VALUATION GRADE | | | |
| Balance Sheet Evaluation | Neutral | Neutral | High |
| Income Statement Evaluation | Positive | Positive | Medium |
| B QUALITY GRADE | | | |
| Profitability | Positive | Positive | High |
| Capital Intensity | Neutral | Neutral | Medium |
| A SENTIMENT GRADE | | | |
| Price Momentum | Positive | Positive | Medium |
| Analyst Sentiment | Positive | Positive | Low |
| Investor Sentiment | Positive | Positive | Medium |

PRICE & VOLUME HISTORY



BUSINESS SUMMARY

Source: Reuters

Wal-Mart Stores, Inc. is engaged in the operation of retail, wholesale and other units in various formats around the world. The Company operates through three segments: Walmart U.S., Walmart International and Sam's Club. The Walmart U.S. segment incl...

For more details, see page 2.

OVERVIEW

Source: Reuters

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

| | WMT | S&P 500 |
|---------------------------------|-------|---------|
| VALUE METRICS | | |
| 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 | .64 | -- |
| Price/Book | 4.2 | 7.9 |
| Dividend Yield(%) | 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 |

| | WMT | S&P 500 |
|-----------------------------|------|---------|
| MOMENTUM METRICS (%) | | |
| 4 week stock price change | 9.3 | 4.7 |
| 26 week stock price change | 33.8 | 14.0 |

| | WMT | S&P 500 |
|------------------------------|------|---------|
| 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 |

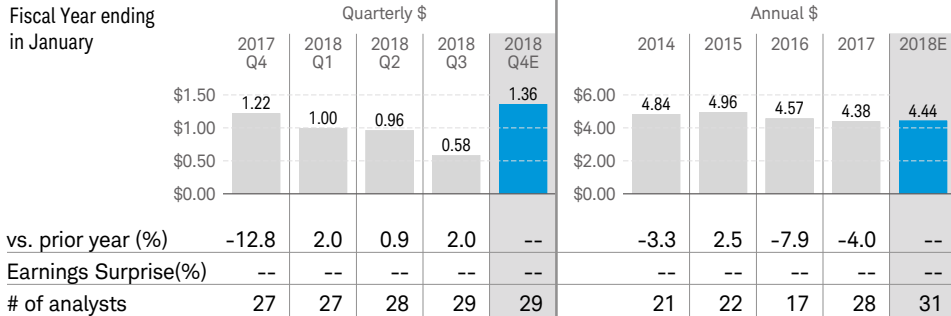
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EARNINGS PER SHARE

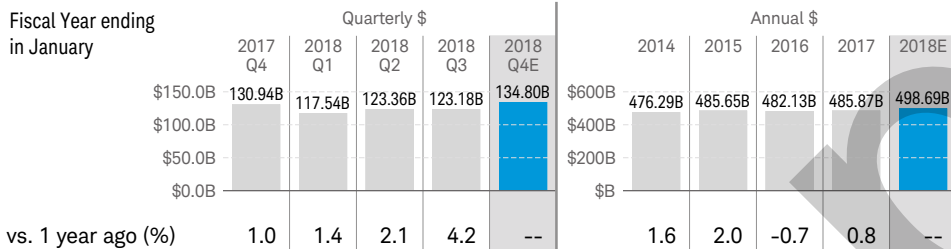
Earnings data source: Reuters



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

REVENUE

Revenue data source: Reuters



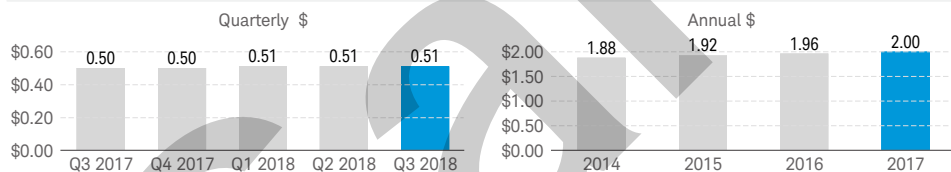
ANNUAL EARNINGS FORECAST

Source: Reuters

| | MEAN FORECAST | CONSENSUS CHANGE IN LAST 30 DAYS | FORECAST RANGE | NUMBER OF FORECASTS |
|------------------------|---------------|----------------------------------|----------------|---------------------|
| 01/31/2018 | \$4.44 | \$0.01 | \$4.32-\$4.52 | 31 |
| 01/31/2019 | \$4.89 | \$0.18 | \$4.37-\$5.40 | 32 |
| Next 5 Yr. Growth Rate | 7.1% | 1.3% | 4.0%-10.0% | 6 |

DIVIDENDS

Dividends data source: Reuters



Dividends are paid on a Quarterly basis.

OTHER OPINIONS

CFRA RANKING SINCE 08/18/2016



Morningstar Rating RATING SINCE 11/03/2017



Credit Suisse Rating RATING SINCE 09/16/2016

UNDERPERFORM NEUTRAL **OUTPERFORM**

Argus 12 Month Rating RATING SINCE 04/25/2012

SELL **HOLD** BUY

Ned Davis Rating RATING SINCE 05/30/2017

SELL **NEUTRAL** BUY

Market Edge Second Opinion® RATING SINCE 10/23/2017

AVOID NEUTRAL **LONG**

Reuter's Average Rating RATING SINCE 01/29/2018

NO OPINION SELL UNDER-PERFORM HOLD **OUT-PERFORM** BUY

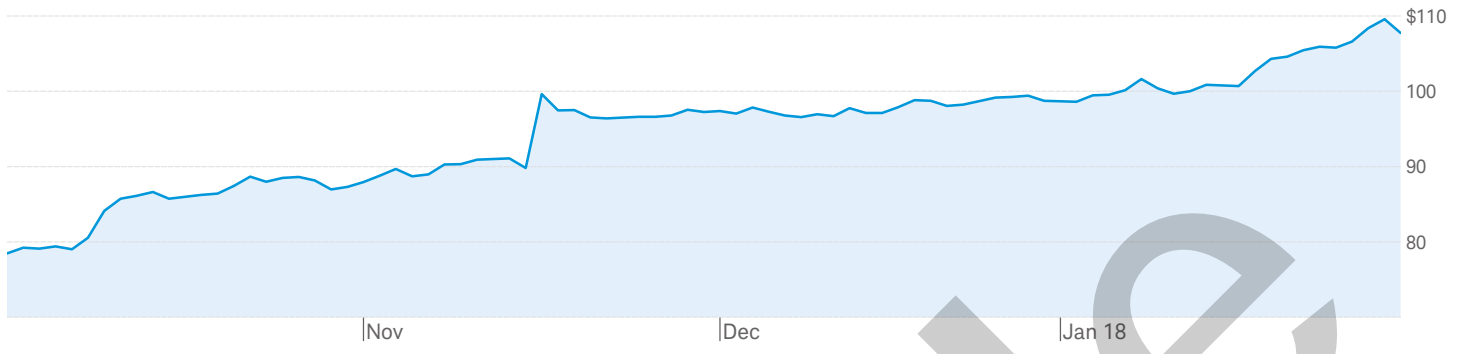
BUSINESS DESCRIPTION

Source: Reuters

Wal-Mart Stores, Inc. is engaged in the operation of retail, wholesale and other units in various formats around the world. The Company operates through three segments: Walmart U.S., Walmart International and Sam's Club. The Walmart U.S. segment includes its mass merchant concept in the United States operating under the Walmart or Wal-Mart brands, as well as digital retail. The Walmart International segment consists of the Company's operations outside of the United States, including various retail Websites. The Walmart International segment includes various formats divided into three categories: retail, wholesale and other. These categories consist of various formats, including supercenters, supermarkets, and warehouse clubs, such as Sam's Clubs, cash and carry, home improvement, specialty electronics, apparel stores, drug stores and convenience stores, as well as digital retail. The Sam's Club segment includes the warehouse membership clubs in the United States, and samsclub.com.

WALMART STORES INC

NEWS HEADLINES



No Recent News for WMT.

Sample

WALMART STORES INC

IMPORTANT DISCLOSURES FOR WMT

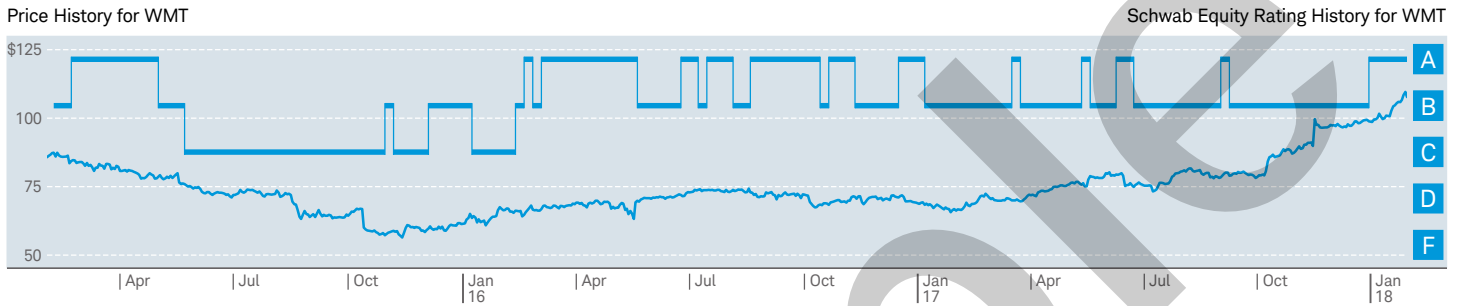
Regulation Analyst Certification: The views expressed in this research report accurately reflect Schwab's quantitative research model, and no part of Schwab's compensation was, is or will be, directly or indirectly, related to the specific recommendations or views disclosed in the research report.

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 strongly 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.

Schwab Equity Ratings Distribution

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

*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

| Category | Definition | Description |
|----------|---------------|---|
| NR | Not Rated | 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. |
| NA | Not Available | A Schwab Equity Rating is not available on this stock due to insufficient information about this stock. |
| NC | Not Covered | This stock is not currently in the Schwab Equity Ratings universe or is prohibited from coverage for regulatory or other reasons. |

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