

WALMART STORES INC

WMT
NYSE

C Marketperform
Data as of 08/23/2022

SCHWAB EQUITY RATING

C Marketperform
Percentile Ranking: 32
Data as of 08/23/2022

Last week's rating: **C** Marketperform
Percentile Ranking: 44
Data as of 08/17/2022

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 Ratings 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 08/23/2022

Last week's rating: NA
Data as of 08/17/2022

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 **C** 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

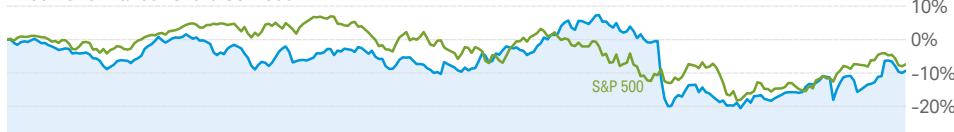
	THIS WEEK	LAST WEEK	AVERAGE IMPORTANCE
C Growth Grade	Neutral	Neutral	Medium
C Quality Grade	Neutral	Neutral	Medium
B Sentiment Grade	▲ Positive	Neutral	High
B Stability Grade	▲ Positive	▲ Positive	Low
C Valuation Grade	Neutral	Neutral	Medium

PRICE & VOLUME HISTORY

WMT Daily Close Prices
Data source: Refinitiv



Price Performance vs. the S&P 500



BUSINESS SUMMARY

Source: Reuters

Walmart Inc. offers shopping opportunities in both retail stores and through e-commerce and provides access to its other service offerings. The Company offers an assortment of merchandise and services at everyday low prices (EDLP). The Company operat...

For more details, see page 2.

OVERVIEW

Source: Reuters

Price as of 8/23/22	\$134.00
Market Capitalization	\$367.3 Billion
Asset Class	Large Cap
Beta	0.54

SECTOR/INDUSTRY

Source: S&P Global

Sector	Consumer Staples
Industry	Food & Staples Retailing
Sub-Industry	Hypermarkets & Super Centers

Schwab Sector Viewpoint Neutral

METRICS

Source: Refinitiv

	WMT	S&P 500
VALUE METRICS		
P/E last 4Q	26.7	21.7
P/E forecast EPS	22.9	30.3
P/Free Cash Flow last 4Q	--	22.5
P/Sales last 4Q	.62	2.52
Price/Book	4.7	15.5
Dividend Yield(%)	1.7	1.9

GROWTH METRICS (%)

1 year sales growth	3.8	15.7
3 year sales growth	3.6	13.3
1 year EPS growth	41.2	6.8
3 year EPS growth	26.4	25.9
1-year forecast EPS growth	-9.5	18.7
Long term growth rate 3-5 years	6.0	15.7
1 year dividend growth	1.9	7.4
3 year dividend growth	1.9	11.1

MOMENTUM METRICS (%)

4 week stock price change	9.9	2.6
26 week stock price change	-1.8	-2.3

FINANCIAL METRICS (%)

Gross margin	24.6	45.0
Net margin	2.4	11.9
Return on assets	5.8	5.0
Return on equity	17.5	19.9
Return on invested capital	9.7	14.6
Long-term debt/capital	.37	.43

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ESG RATING

ESG data source: MSCI

Environmental, Social and Governance (ESG) Ratings Overview

ESG is a term used to describe various investing approaches that emphasize environmental, social and governance factors in addition to risk and return. ESG ratings try to measure a company's exposure to long-term, financially relevant ESG risks so that investors can implement the ESG investing approach they choose.



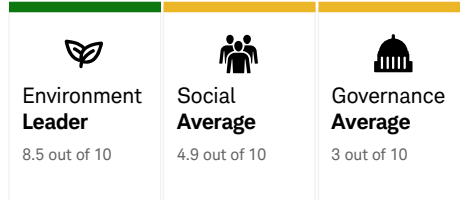
MSCI ESG Rating

Data as of 07/08/2022



Weighted Average Key Issues Score

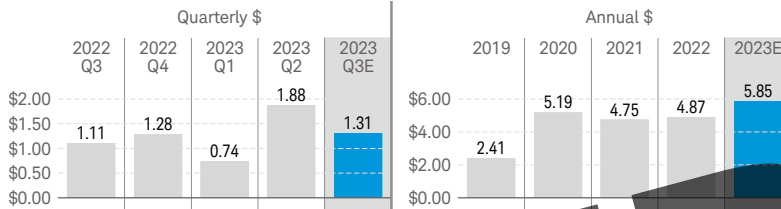
Average
4.9 out of 10



EARNINGS PER SHARE

Earnings data source: Refinitiv

Fiscal Year ending in January



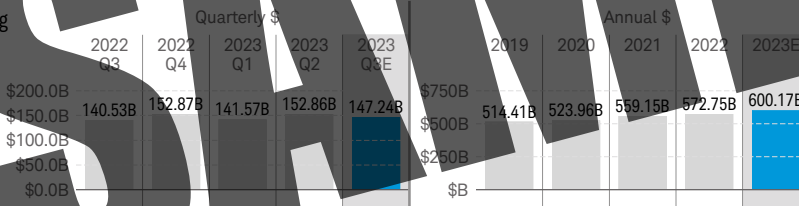
	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3E	2019	2020	2021	2022	2023E
vs. prior year (%)	8.2	10.1	-23.1	-0.6	--	-24.8	114.9	-8.5	2.7	--
Earnings Surprise(%)	--	--	-12.3	9.2	--	--	--	--	--	--
# of analysts	26	31	29	22	27	30	30	34	36	30

Next earnings announcement is expected in the week of 11/15

REVENUE

Revenue data source: Refinitiv

Fiscal Year ending in January



	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3E	2019	2020	2021	2022	2023E
vs. 1 year ago (%)	4.3	0.5	2.4	8.4	--	2.8	1.9	6.7	2.4	--

ANNUAL EARNINGS FORECAST

Source: Refinitiv

	MEAN FORECAST	CONSENSUS CHANGE IN LAST 30 DAYS	FORECAST RANGE	NUMBER OF FORECASTS
01/31/2023	\$5.85	\$0.15	\$5.70-\$5.98	30
01/31/2024	\$6.56	-\$0.03	\$5.79-\$7.15	30
Next 5 Yr. Growth Rate	6.0%	-2.2%	6.0%-6.0%	1

DIVIDENDS

Dividends data source: Refinitiv



Dividends are paid on a Quarterly basis.

OTHER OPINIONS

CFRA RANKING SINCE 09/22/2021
Recommendation: ★★★★★

Morningstar Rating RATING SINCE 07/15/2022
★★★★★

Argus 12 Month Rating RATING SINCE 04/19/2018
BUY

Market Edge Second Opinion® RATING SINCE 08/04/2022
LONG

Reuter's Average Rating RATING SINCE 08/18/2022
BUY

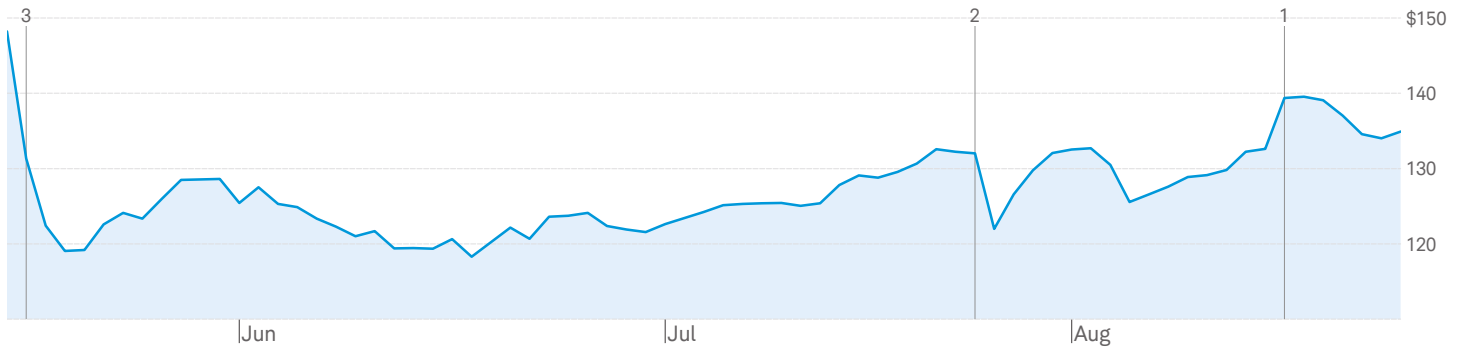
BUSINESS DESCRIPTION

Source: Reuters

Walmart Inc. offers shopping opportunities in both retail stores and through e-commerce and provides access to its other service offerings. The Company offers an assortment of merchandise and services at everyday low prices (EDLP). The Company operates through three segments: Walmart U.S., Walmart International and Sam's Club. The Walmart U.S. segment is a merchandiser of consumer products, operating under the Walmart and Walmart Neighborhood Market brands, as well as walmart.com and other e-commerce brands, and it operates in the United States. The Walmart International segment includes various formats divided into two categories: retail and wholesale. These categories consist of various formats, including supercenters, supermarkets, hypermarkets, warehouse clubs (including Sam's Clubs) and cash & carry, as well as e-commerce through walmart.com.mx, walmart.ca, flipkart.com and other sites. The Sam's Club segment is a membership-only warehouse club that also operates samsclub.com.

WALMART STORES INC

NEWS HEADLINES



1 08/16/22 11:02 am ET... CFRA Maintains Buy Opinion on Shares of Walmart Inc. (WMT 139.78 ****) : We lift our 12-month target by \$7 to \$154, 22x our FY 24 (Jan.) EPS of \$7.01 (down from \$7.34; FY 23 raised to \$5.90 from \$5.71) and in line with WMT's 5-year mean. Q2 adj-EPS of \$1.77 (-1% Y/Y) beat the \$1.60 consensus, although two discrete items benefited EPS by \$0.10 (insurance settlement and special dividend). WMT improved its inventory levels this quarter (-2% Q/Q) through heavy markdowns and billions of dollars of canceled orders. We expect further progress in Q3 and for this inventory issue to be largely resolved by Q4. WMT is seeing stronger foot traffic from middle- and upper-income consumers, as shoppers of all demographics seek value due to the rapid decline in consumers' buying power over the past several months. We expect consumers to remain value conscious, even as inflation potentially moderates, which plays to WMT's strength. We're optimistic on the growth of WMT's alternative profit streams, including advertising, which grew 30% in Q2 and has very attractive margins relative to retail.. /Arun Sundaram, CFA, CPA

2 07/25/22 6:40 pm ET... CFRA Keeps Buy Opinion on Shares of Walmart Inc. (WMT 119.11 ****) : WMT shares are trading 10% lower after the company cut its profit outlook for Q2 and FY 23 (Jan.). WMT is having trouble moving certain general merchandise off its shelves, largely due to shifting consumer behaviors as high food and gas prices have softened demand for certain discretionary products. Thus, WMT states it will increase markdowns, which will have a negative near-term impact on gross margins, along with FX headwinds and the mix shift to lower-margin grocery products. This announcement shouldn't come as a total surprise given the aggressive markdown strategy revealed by Target last month, which seems to be having a cascade effect throughout retail. On the positive side, WMT raised its Q2 and FY 23 net sales outlook, noting a strong start to the back-to-school season, and it seems to be doing better at passing cost increases along. We lower our 12-month target to \$147 from \$162 on a FY 24 P/E of 20x vs. the 22x 5-year average. We cut our FY 23 EPS to \$5.71 from \$6.34 and FY 24's to \$7.34 from \$7.41.. /Arun Sundaram, CFA, CPA

3 05/17/22 10:07 am ET... CFRA Keeps Buy Opinion on Shares of Walmart Inc. (WMT 136.00 ****) : We trim our 12-mo. target by \$3 to \$162, 25.6x our FY 23 (Jan.) EPS vs. 24x historical average. We lower our FY 23 EPS to \$6.34 from \$6.86 and FY 24's to \$7.41 from \$7.44. WMT posts a rare miss to the bottom line, as Q1 adj-EPS of \$1.30 (-23% Y/Y) missed by \$0.18. Omicron-related staffing inefficiencies, a mix shift towards grocery (this created a general merchandise inventory surplus), and higher fuel costs drove the profit miss. The good news is most of these issues seem to be isolated to the quarter, and margins should improve in Q2 and the back half of the year as WMT works through excess inventory and better matches pricing with costs. We don't expect this miss to become a norm, seeing that WMT has historically outperformed competition during tough economic times. We also think the market is underappreciating the investments WMT is making to diversify its business into advertising, 1st and 3rd party marketplaces, fulfillment services, health care, financial services, and data monetization.. /Arun Sundaram, CFA, CPA

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:

- 0.0% in Buy Category (Schwab Equity Ratings and Schwab Equity Ratings International of A or B)
- 0.0% in Hold Category (Schwab Equity Ratings and Schwab Equity Ratings International of C)
- 0.0% in Sell Category (Schwab Equity Ratings and Schwab Equity Ratings International of D or F)

Price History for WMT

Schwab Equity Rating 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. 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 five broad categories: Growth, Quality, Sentiment, Stability and Valuation. 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). Schwab may update the Schwab Equity Ratings methodology.

Schwab Equity Ratings Distribution

Schwab Equity Rating	Schwab Percentile Ranking Distribution	Distribution	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 composite 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 percentiles ranging from 1 to 100. The lowest percentile rankings represent the best Schwab Equity Rating Model scores and correspond to the best letter grades. For example, in a universe of 1000 stocks, the top 10 stocks would receive a percentile ranking of 1 and the bottom 10 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", and so forth.

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.

WALMART STORES INC

IMPORTANT DISCLOSURES FOR WMT

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.
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 Global's data in making its calculations.

ESG - Environmental, social and governance (ESG) ratings given to publicly traded companies are currently subject to inconsistent industry definitions and standards for the measurement and evaluation of ESG factors; therefore, such factors may differ significantly across each ESG ratings provider. As a result, it may be difficult to compare ESG ratings.

A stock's ESG rating may or may not significantly influence its performance. Because stocks are evaluated based on ESG factors rather than other investment criteria, the stock's performance may differ (either higher or lower) from its ESG rating(s), the overall market or comparable stocks that have different ESG ratings. Environmental ("E") factors can include climate change, pollution, waste, and how a company protects and/or conserves natural resources. Social ("S") factors can include how a company manages its relationships with individuals, such as its employees, shareholders, and customers as well as its community. Governance ("G") factors can include how a company operates, such as its leadership composition, pay and incentive structures, internal controls, and the rights of equity and debt holders. Carefully review the ESG rating provider's methodology and framework to learn more about how they incorporate ESG factors into their overall rating.

