



Walmart (WMT:NYS) Fundamental Valuation Report

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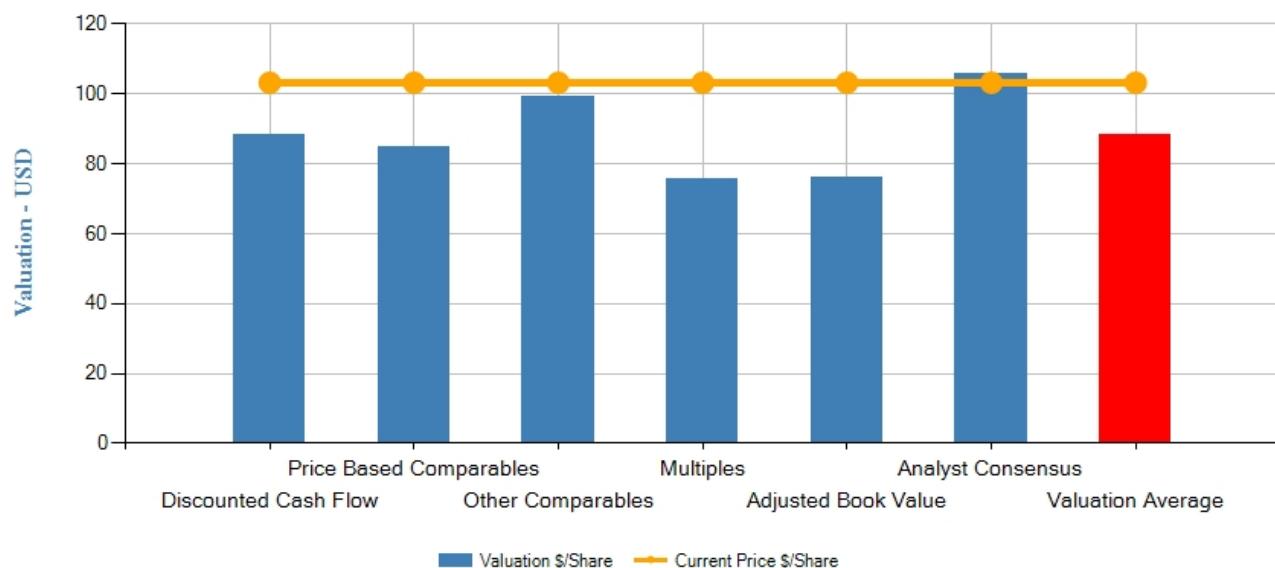
Valuation Summary: Walmart \$103.23 (USD) Close Price as of 15/02/2018

Based on the analysis conducted in this report, Walmart, (WMT:NYS) is found to be **Overvalued**.

Company	Walmart
Symbol:Exchange	WMT:NYS
Industry	Consumer Defensive:Discount Stores
Close Price/Date	\$103.23 (USD) 15/02/2018
Weighted Average Valuation	\$96.33 (USD)
Summary	WMT:NYS is found to be Overvalued by 6.7% using the 3 valuation models shown below.
Valuation Models Used (in order of importance)	Analyst Consensus: \$105.60 (USD) Discounted Cash Flow: \$88.15 (USD) Comparables: \$84.89 (USD)
Valuation Methods Analysis	This company is:
Cash Flow Basis:	Overvalued on a Cash Flow Valuation basis
Comparable Company Basis:	Overvalued on a Comparable Valuation basis
Asset Basis:	Overvalued on an Asset Valuation basis

Valuation Details

Walmart Valuations



We have up to 6 valuation points for each company. Details are at the bottom of the report.

Discounted Cash Flow and Sensitivity Analysis for WMT:NYS

Using a discounted cash flow model we generated an intrinsic value of **\$88.15 (USD)** for **WMT:NYS**

Sensitivity Analysis

(showing how changes in the input variables impact the DCF calculation)

WMT:NYS	Current Values	Valuation If Dropped *		Valuation If Raised *	
Calculated Value:	\$88.15	1%	5%	1%	5%
WACC (or Ke)	6.29	\$115.08		\$70.24	
Terminal Growth Rate	1.30	\$72.02		\$112.35	
Tax Rate	0.30	\$96.27		\$80.02	
Cash Flow	33,695,925,500		\$80.49		\$95.80
Capital Expenditures	-11,472,600,000		\$85.66		\$90.63
Long Term Debt	47,491,000,000		\$88.95		\$87.34

* Changes are absolute: ex WACC from 8% to 7%

Comparables Model

Using similar companies and price based ratios we generated a valuation of **\$84.89 (USD)** for **WMT:NYS**. We also generated a valuation of **\$99.02 (USD)** using other metrics and comparables. The comparable companies were Costco Wholesale (COST:NAS)

Company WMT:NYS	End Date Value	Price Based on Comps	Adjustment Factor (%)
Earnings/Share	\$3.76 (USD)	\$114.46 (USD)	-46.7
Book Value/Share	\$25.70 (USD)	\$195.09 (USD)	-27.0
Sales/Share	\$163.11 (USD)	\$103.77 (USD)	-42.6
Cash Flow/Share	\$9.49 (USD)	\$134.98 (USD)	-43.3
EBITDA/Share	\$0.00 (USD)	\$0.00 (USD)	-25.7

WMT:NYS	Ratios Used	Average Values	COST:NAS
27.45	PE Ratio	30.44	30.44
4.02	PB Ratio	7.59	7.59
0.63	PS Ratio	0.64	0.64
10.87	PCF Ratio	14.22	14.22
11.35	EV to EBITDA	14.73	14.73

Multiples

Using a multiples approach we generated a valuation of **\$75.84 (USD)** for **WMT:NYS**

Company WMT:NYS	End Date Value	Price Based on Comps	Adjustment Factor
Earnings/Share	\$3.76 (USD)	\$60.11 (USD)	0
Book Value/Share	\$25.70 (USD)	\$76.75 (USD)	0
Sales/Share	\$163.11 (USD)	\$78.55 (USD)	0
Cash Flow/Share	\$9.49 (USD)	\$76.31 (USD)	0
EBITDA/Share	\$10.86 (USD)	\$87.49 (USD)	0

Ratios	Ratio Average
PE Ratio	15.99
PB Ratio	2.99
PS Ratio	0.48
PCF Ratio	8.04
EV to EBITDA	8.06

Adjusted Book Value versus Historical Price to Book

The average the Price to Book ratio for **WMT:NYS** for the last 10 years was **2.99**
We ran the Adjusted Book Value for **WMT:NYS** and generated a book value of **\$25.52 (USD)** By multiplying these we get an adjusted valuation of **\$76.22 (USD)**

Analyst Data

In the Stockcalc database there are 5 analysts that provide a valuation for **WMT:NYS**. The 5 analysts have a consensus valuation for **WMT:NYS** for 2019 of **\$105.60 (USD)**.

WMT:NYS Walmart

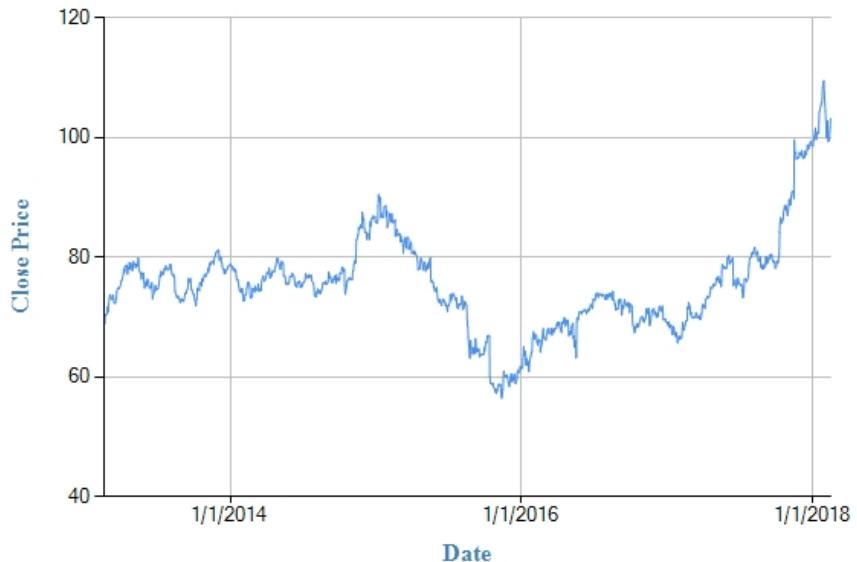
Analyst Recommendation					
Buy	Hold	Sell	Rating (of 5)	Guidance	As Of
1	6	0	3.1250	Hold	2018-2-14

Current Price: not available

Analyst Consensus			
USD Millions	2018	2019	2020
Mean EPS	4.35	4.92	5.08
# EPS Analysts	8	8	4
Mean Revenue	498,201.00	510,471.20	520,084.00
# Revenue Analysts	4	4	3
Mean Target Price		105.60	
Mean Cash Flow	9.04	8.40	8.88
Mean EBITDA	33,006.10	33,265.20	33,263.50
Mean Net Income	12,870.60	14,297.20	14,534.80
Mean Debt Outstanding	-2,029.60	174.10	2,321.90
Mean Tax Rate	31.90	28.25	28.25
Mean Growth Rate		5.88	
Mean Capital Expenditure	10,641.90	10,990.00	10,826.70

Company Overview (WMT:NYS USD)

Price	103.23
Range	101.83 - 103.64
52 week	69.37 - 109.55
Open	102.55
Vol / Avg.	7.45M/7.15M
Mkt cap	306.39B
P/E	27.45
Div/yield	2.04/0.02
EPS	4.38
Shares	2.97B
Beta	0.37



Detailed Company Description

Walmart Inc operates retail stores in various formats under various banners. Its operations comprise of three reportable business segments, Walmart U.S., Walmart International and Sam's Club in three categories retail, wholesale and others.

Explanation of Valuation Models

We have up to 6 valuation points for each company in the database.

The **Discounted Cash Flow (DCF)** valuation is a cash flow model where cash flow projections are discounted back to the present to calculate value per share. DCF is a common valuation technique especially for companies undergoing irregular cash flows such as resource companies (mining, forestry, oil and gas) going through price cycles or smaller companies about to generate cash flow (junior exploration companies, junior pharma, technology firms...).

The **Price Comparables** valuation is the result of valuing the company we are looking at on the basis of ratios from selected comparable companies: Price to Earnings, Price to Book, Price to Sales, Price to Cash Flow, Enterprise Value (EV) to EBITDA. Each of these ratios for the selected comparable companies are averaged and multiplied by the values for the company we are interested in to calculate a value per share for our selected company.

We have included the **Other Comparables** as a way to value companies that cannot be valued using Earnings based ratios. This technique is very useful for companies still experiencing negative cash flows such as mining exploration firms. We use Cash/Share, Book Value/Share, MarketCap, 1 Year Return, NetPPE as the ratios here. Each of these ratios for the selected comparable companies are averaged and multiplied by the values for the company we are interested in to calculate a value per share for our selected company.

Multiples are similar to Price comparables where we look at current or historic ratios for the company in question to assess what it should be worth today based on those historic ratios. We use the same 5 ratios as in the price comparables and value the company with its historic averages.

With **Adjusted Book Value (ABV)** we calculate the book value per share for the company based on its balance sheet and multiply that book value per share by its historical price to book ratio to calculate a value per share.

If we have **Analyst coverage** for the company we use the consensus target price here.

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