



# Walmart Inc

(WMT - NYSE)

**Beta:** 0.48

**Last Price:** \$140.17

**Preferred Purchase Price:** <\$139.2

**Target Price:** \$163.24

**Dividend:** 1.55%

## Retail Investment with Dividends

### Overview & Catalysts

Walmart Inc. is an American multinational retail corporation that operates a chain of hypermarkets, discount department stores, and grocery stores from the United States, headquartered in Bentonville, Arkansas.

- Retail Boom:** Stay-at-home trends have been boosting e-commerce sales, which increased across all units in first-quarter fiscal 2022. With restrictions being lifted, the company's U.S. store environment is in good shape, while e-commerce also remains on the growth trajectory. Retail sales rose 0.6% in June, regardless of increases in CPI that forced higher prices on consumer staples. There is a lot of pent-up demand due to the increase in money supply.
- Risks:** The key risk is the presence of the delta variant in the United States: this has caused states to include covid restrictions to minimize the impact of the strain on the population. However, this has proven to impact the stock market recently. Moreover, the retail segment could suffer from further restrictions preventing in-person sales. E-commerce should help ease this burden if restrictions become stricter.

### Forecasts

Walmart's same-store sales in the U.S. grew by 6%, higher than the 0.9% increase expected by analysts surveyed by StreetAccount. The company said those sales got a lift from grocery sales, as it gained market share. Transactions declined by 3.2%, but average ticket growth increased by 9.5%. The company raised its outlook for the fiscal year. It expects earnings per share and Walmart U.S.'s operating income to increase in the high single-digits. It reiterated its guidance that Walmart U.S. and Sam's Club same-store sales will grow in the low single-digits, excluding fuel and tobacco.

The equity securities in these reports can vary in price depending on the market conditions. The Content is for informational purposes only, you should not construe any such information or other material as investment, financial, or other advice. Nothing contained on this report constitutes a recommendation to buy or sell any securities or other financial instruments. There are risks associated with investing in securities and may involve risk of losing the principal. A security's past performance is not a predictor or guarantee of future investment performance.

**Price Target USD 163.24 | +16%**



### Scenario Analysis & Key Statistics

Downside Scenario	Current Price	Price Target	Upside Scenario
\$130	\$140.17	\$163.24	\$170

Shares O/S (B): 2.81

Gross Margin: 25%

52-week High: \$153.6

P/E: 32.91

Market Capitalization: 396.9B USD

Sales: \$562B

Quick Ratio: 0.4

Beta: 0.48

### Expected Portfolio Performance

Initial Investment	\$100,000
Expected Price Appreciation	\$16,458
<b>Exit Value</b>	<b>\$116,458</b>
<b>% Expected Return</b>	<b>16.45%</b>

### Valuation & Recommendation

Walmart+ membership levels remain unchanged since March in the 9M to 10M range. Other data points from a Morgan Stanley survey, like an increase in Walmart+ resistance, and high overlap with Prime, suggest a near-term inflection is unlikely. MS thinks the Walmart+ trends could be a reason for the sluggish performance for WMT shares. Flipkart will be debuting an IPO soon and that should have an impact on WMT shares depending on valuation and whether there is a move to the upside. Owning a company that will IPO should lead to mixed results and volatility in the short-term. Retail has been hit badly by the pandemic and there's value to be found in dividend stocks with strong fundamentals.