



Walmart Inc. (WMT)

Updated February 26th, 2026, by Josh Arnold

Key Metrics

Current Price:	\$126	5 Year CAGR Estimate:	4.8%	Market Cap:	\$1.0 T
Fair Value Price:	\$87	5 Year Growth Estimate:	12.0%	Ex-Dividend Date:	03/20/26
% Fair Value:	145%	5 Year Valuation Multiple Estimate:	-7.1%	Dividend Payment Date:	04/06/26
Dividend Yield:	0.8%	5 Year Price Target	\$153	Years Of Dividend Growth:	53
Dividend Risk Score:	A	Sector:	Consumer Staples	Rating:	Hold

Overview & Current Events

Walmart traces its roots back to 1945 when Sam Walton opened his first discount store. The company has since grown into the largest retailer in the world, serving more than 230 million customers each week. Revenue should be around \$740 billion this year and the stock trades with a market capitalization of \$1 trillion. Walmart is one of the largest employers in the world, counting a staggering 2.1 million people in its ranks. Walmart has increased its dividend for 53 consecutive years, making it a new member of the prestigious Dividend Kings.

Walmart posted fourth quarter earnings on February 19th, 2026, and results were better than expected on both the top and bottom lines. Earnings came to 74 cents per share on an adjusted basis, which beat estimates by a penny. Revenue was up 5.6% year to \$190.7 billion, beating expectations by \$2.38 billion. Global ecommerce sales were up 24%, which was led by store-fulfilled pickup and delivery. Global advertising revenue soared 37% higher year-over-year, including the VIZIO business. Walmart Connect was up 41% in the US. Membership fees rose 15.1% globally, which is attributed to the Sam's Club business.

Revenue was up 5% in constant currency for the quarter. US comparable sales for Walmart rose 4.6%, including 27% higher in ecommerce. The company noted the advertising business was \$6.4 billion for the year, with the membership fee business at \$4.3 billion.

Operating cash flow was \$42 billion for the year, with free cash flow growing 18% from 2025 to \$14.9 billion. Cash at the end of the year was \$10.7 billion against debt of \$51.5 billion. Inventory rose 4% year-over-year to \$58.9 billion.

We start the year with an estimate of earnings-per-share at \$2.90. We also note the dividend was raised again, this time adding 5.3% to a new payout to 99 cents annually.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	\$1.44	\$1.47	\$1.64	\$1.64	\$1.83	\$2.14	\$2.10	\$2.22	\$2.51	\$2.64	\$2.90	\$5.11
DPS	\$0.67	\$0.68	\$0.69	\$0.71	\$0.72	\$0.73	\$0.75	\$0.76	\$0.82	\$0.94	\$0.99	\$1.26
Shares¹	9144	8856	8742	8565	8478	8307	8088	8070	8032	7971	7935	7800

The largest concern for Walmart is operating margins, as gross margins have remained flat while operating expenses have risen over time. This is the product of Walmart's focus on building out its online business as well as integrating its acquisitions, both of which are expensive endeavors. We note that while operating margins have improved of late, given the pace of revenue growth, one would generally expect higher margins. Margins have outpaced revenue in recent quarters, boosting profits. We see strength in comparable sales, as well as gross margins rising more quickly than operating expenses as supporting earnings growth. The company's third quarter earnings showed very strong revenue growth and we think Walmart is well positioned for this year once again, with record earnings on tap.

Looking forward, we are forecasting 12% annual earnings growth for the next five years as Walmart continues to work through its margin issues and caution on consumer spending. The company continues to buy back stock as well. We see low single-digit sales growth each year, with its e-commerce business being the primary driver of top line growth. That

¹ Share count in millions

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combination should be good enough to create strong growth without the benefit of margin expansion. We continue to be bullish on Walmart's ability to grow revenue, but with a watchful eye on margins. We note the fast-growing advertising business has extremely high margins, so as that grows as a percentage of revenue, we could see operating margins creep higher over time. That business is growing at several times the rate of the total company.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	16.2	18.9	18.8	22.3	24.1	21.9	22.5	23.7	36.0	42.2	43.4	30.0
Avg. Yld.	2.9%	2.1%	2.3%	1.9%	1.6%	1.6%	1.6%	1.4%	0.9%	0.8%	0.8%	0.8%

Walmart's valuation has deteriorated as the share price has risen. We are forecasting the price-to-earnings multiple to decline from the current 43.4 to 30, implying a significant headwind to total annual returns from the valuation. The yield is 0.8%, which is well below its historical range. We note an extreme overvaluation in shares today as shares are just off their all-time high. We continue to expect modest dividend increases going forward.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	47%	46%	42%	43%	39%	34%	36%	34%	33%	36%	34%	25%

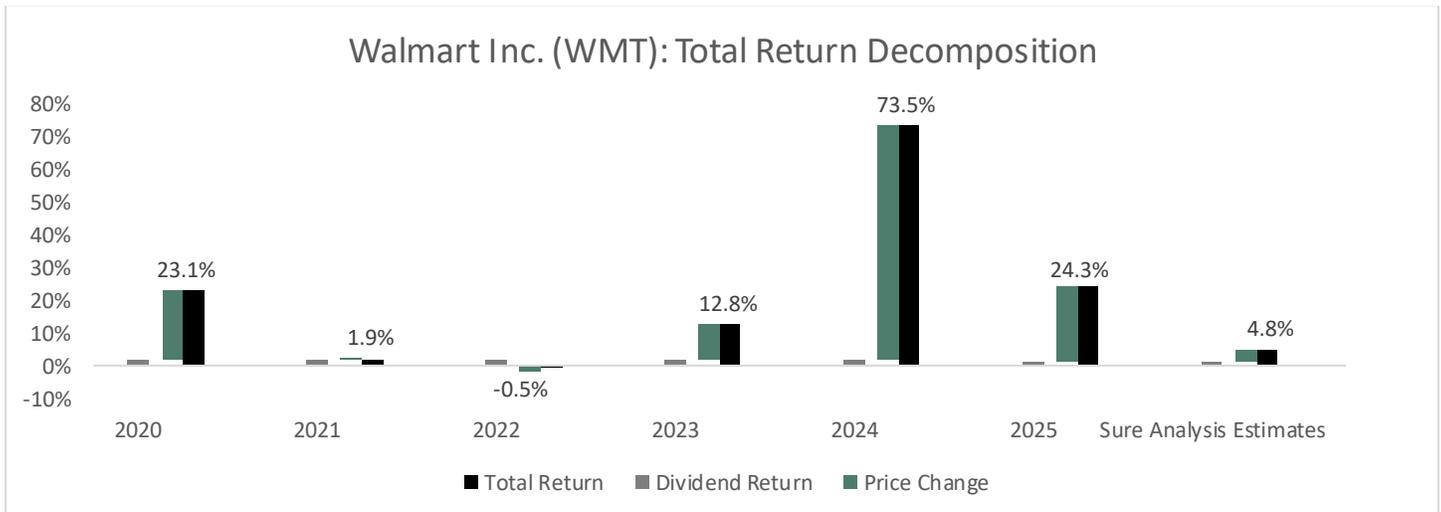
The company's payout ratio is quite low at 34% of earnings, making for a conservative dividend policy. The dividend should be very safe, even if earnings decline meaningfully.

Walmart's competitive advantage is in its enormous size as it can buy and ship product at scales no other company can rival. This allows it to operate with low prices to consumers and as more than half of its revenue comes from groceries, its recession performance is excellent. The company managed to increase earnings steadily during and after the Great Recession. Hard economic conditions tend to send consumers on the margins to Walmart, which is also an advantage. We note that Walmart's strength during the COVID-19 crisis highlights its recession resistance.

Final Thoughts & Recommendation

Overall, Walmart looks poised to deliver modest returns in the coming years. We are forecasting total five-year annual returns of 4.8%, as the yield remains low at 0.8%, and the valuation is ahead of our fair value estimate, driving a 7.1% headwind, despite 12% projected growth. Walmart is a safe, defensive stock in times of economic hardship, and the stock remains a hold.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue (\$B)	485.87	500.3	514.41	524.0	559.2	572.7	611.3	648.1	681.0	713.2
Gross Profit (\$B)	124.62	127.0	129.10	129.4	138.8	143.8	147.6	158.0	169.2	177.8
Gross Margin	25.6%	25.4%	25.1%	24.7%	24.8%	25.1%	24.1%	24.4%	24.9%	24.9%
SG&A Exp. (\$B)	101.85	106.5	107.15	108.8	116.3	117.8	127.1	131.0	139.9	147.9
D&A Exp.	10080	10529	10678	10,987	11,152	10,658	10,945	11,853	12,973	14,203
Operating Profit	22764	20437	21957	20,568	22,548	25,942	20,428	27,012	29,348	29,825
Op. Margin	4.7%	4.1%	4.3%	3.9%	4.0%	4.5%	3.3%	4.2%	4.3%	4.2%
Net Profit	13643	9862	6670	14,881	13,510	13,673	11,680	15,511	19,436	22,270
Net Margin	2.8%	2.0%	1.3%	2.8%	2.4%	2.4%	1.9%	2.4%	2.9%	3.1%
Free Cash Flow	21054	18286	17409	14,550	25,810	11,075	11,984	15,120	12,660	14,923
Income Tax	6204	4600	4281	4,915	6,858	4,756	5,724	5,578	6,152	7,199

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets (\$B)	198.83	204.52	219.30	236.5	252.5	244.9	243.5	252.4	260.8	284.8
Cash & Equivalents	6867	6756	7722	9,465	17,741	14,760	8,885	9,867	9,037	10,727
Acc. Receivable	5835	5614	6283	6,284	6,516	8,280	7,933	8,796	9,975	11,172
Inventories	43046	43783	44269	44,435	44,949	56,511	56,576	54,892	56,435	58,851
Goodwill & Int.	17037	18242	31181	31,073	28,983	29,014	28,174	28,113	28,792	28,735
Total Liab. (\$B)	118.29	123.70	139.66	154.9	164.5	153.0	159.5	161.8	163.1	178.5
Accounts Payable	41433	46092	47060	46,973	49,141	55,261	54,002	56,812	58,666	63,061
Long-Term Debt	39370	39040	50621	49,651	44,533	38,077	39,212	40,457	39,067	58,868
Total Equity	77798	77869	72496	74,669	81,298	83,253	76,693	83,861	91,013	---
LTD/E Ratio	0.51	0.50	0.70	0.66	0.55	0.46	0.51	0.48	0.43	0.67

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	6.8%	4.9%	3.1%	6.5%	5.5%	5.5%	4.8%	6.3%	7.6%	8.2%
Return on Equity	17.2%	12.7%	8.9%	20.2%	17.3%	16.7%	14.6%	17.8%	20.6%	21.8%
ROIC	11.0%	8.2%	5.3%	11.4%	10.3%	10.4%	9.2%	12.2%	14.5%	13.5%
Shares Out.	3,048	2,952	2,914	2,855	2,826	2,769	2,734	2,703	8,081	8,022
Revenue/Share	149.87	156.13	166.23	182.69	196.40	204.19	223.59	239.78	84.27	88.90
FCF/Share	6.77	6.08	5.91	5.07	9.07	3.95	4.38	5.59	1.57	1.86

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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