



# Walmart Inc. (WMT)

Updated September 6<sup>th</sup>, 2026, by Josh Arnold

## Key Metrics

|                             |       |                                            |                  |                                  |                       |
|-----------------------------|-------|--------------------------------------------|------------------|----------------------------------|-----------------------|
| <b>Current Price:</b>       | \$107 | <b>5 Year CAGR Estimate:</b>               | 7.3%             | <b>Market Cap:</b>               | \$850 B               |
| <b>Fair Value Price:</b>    | \$87  | <b>5 Year Growth Estimate:</b>             | 11.0%            | <b>Ex-Dividend Date:</b>         | 11/21/26 <sup>1</sup> |
| <b>% Fair Value:</b>        | 123%  | <b>5 Year Valuation Multiple Estimate:</b> | -4.1%            | <b>Dividend Payment Date:</b>    | 12/08/26              |
| <b>Dividend Yield:</b>      | 0.9%  | <b>5 Year Price Target</b>                 | \$147            | <b>Years Of Dividend Growth:</b> | 53                    |
| <b>Dividend Risk Score:</b> | A     | <b>Sector:</b>                             | Consumer Staples | <b>Rating:</b>                   | 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 \$750 billion this year and the stock trades with a market capitalization of \$850 billion. 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 second quarter earnings on August 20<sup>th</sup>, 2026, and results were better than expected on both the top and bottom lines. However, shares were punished heavily on guidance that did not please Wall Street.

Adjusted earnings-per-share came to 81 cents, which was seven cents ahead of estimates. Revenue was up 6% year-over-year to \$188 billion, which was \$1.12 billion better than expected.

Global ecommerce sales were up 23% year-on-year, which was led by store-fulfilled pickup and delivery services, as well as the company's marketplace. Global advertising revenue was up 38% with strength across its segments. Advertising in the US was also up 38%. Comparable sales in the US were up 3.5% year-over-year, but only 2.6% excluding fuel sales. International constant currency comparable sales were up 8%, with China up almost 10%.

Operating income included a net benefit of approximately 750 basis points related to tariff refunds received in Q2. Excluding that benefit, operating income growth was at the top end of the company's guidance for 7% to 10% growth.

We estimate \$2.90 in adjusted earnings-per-share for this year, substantially unchanged from our prior estimate.

## Growth on a Per-Share Basis

| Year                      | 2017   | 2018   | 2019   | 2020   | 2021   | 2022   | 2023   | 2024   | 2025   | 2026   | 2027          | 2032          |
|---------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------------|---------------|
| <b>EPS</b>                | \$1.44 | \$1.47 | \$1.64 | \$1.64 | \$1.83 | \$2.14 | \$2.10 | \$2.22 | \$2.51 | \$2.64 | <b>\$2.90</b> | <b>\$4.89</b> |
| <b>DPS</b>                | \$0.67 | \$0.68 | \$0.69 | \$0.71 | \$0.72 | \$0.73 | \$0.75 | \$0.76 | \$0.82 | \$0.94 | <b>\$0.99</b> | <b>\$1.26</b> |
| <b>Shares<sup>2</sup></b> | 9144   | 8856   | 8742   | 8565   | 8478   | 8307   | 8088   | 8070   | 8032   | 7971   | <b>7935</b>   | <b>7800</b>   |

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 has said lately that it is investing in price reductions for consumers, including putting tariff refunds into pricing rather than keeping the cash.

Looking forward, we are forecasting 11% 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 combination should be good enough to create strong growth without the benefit of margin expansion. We continue to

<sup>1</sup> Estimated date

<sup>2</sup> Share count in millions

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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      | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | Now  | 2032 |
|-----------|------|------|------|------|------|------|------|------|------|------|------|------|
| Avg. P/E  | 16.2 | 18.9 | 18.8 | 22.3 | 24.1 | 21.9 | 22.5 | 23.7 | 36.0 | 42.2 | 36.9 | 30.0 |
| Avg. Yld. | 2.9% | 2.1% | 2.3% | 1.9% | 1.6% | 1.6% | 1.6% | 1.4% | 0.9% | 0.8% | 0.9% | 0.9% |

Walmart's valuation has deteriorated as the share price has risen. We are forecasting the price-to-earnings multiple to decline from the current 36.9 to 30, implying a significant headwind to total annual returns from the valuation. The yield is 0.9%, which is well below its historical range. We note a continued overvaluation in shares today even though shares have become significantly cheaper since our last update. We still expect modest dividend increases going forward.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

| Year   | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2032 |
|--------|------|------|------|------|------|------|------|------|------|------|------|------|
| Payout | 47%  | 46%  | 42%  | 43%  | 39%  | 34%  | 36%  | 34%  | 33%  | 36%  | 34%  | 26%  |

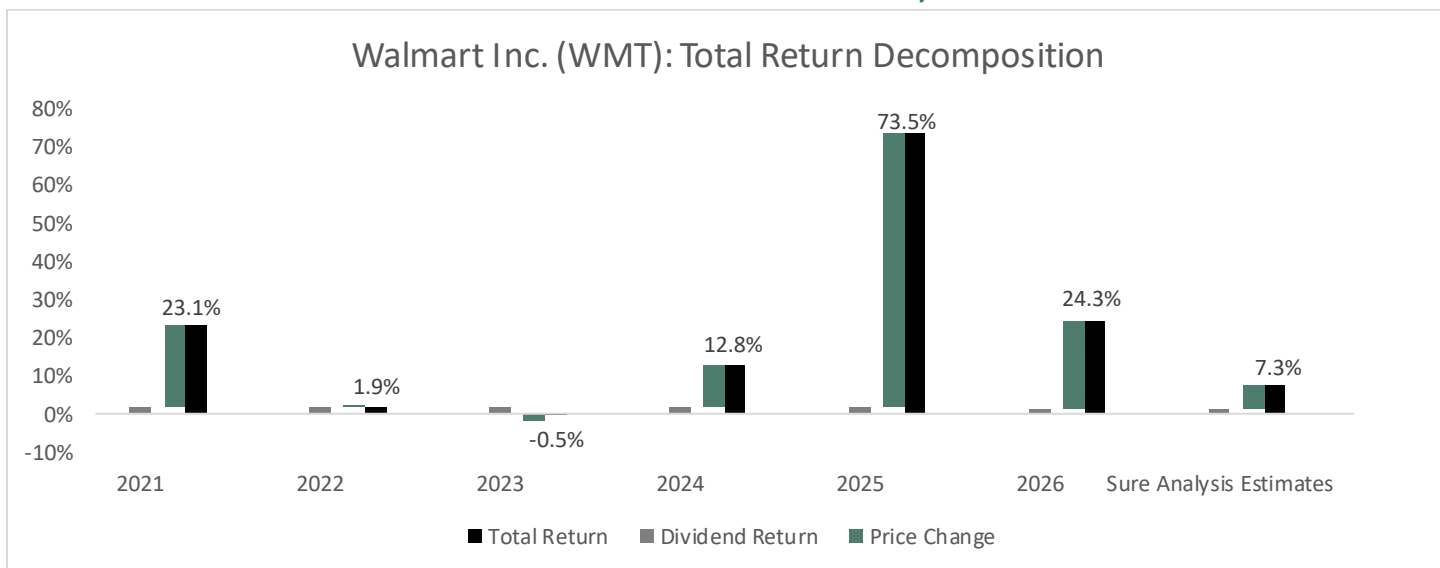
The company's payout ratio is quite low at 34% of earnings, making for a conservative dividend policy. The dividend should be very safe, even if earnings decline meaningfully.

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 7.3%, as the yield remains low at 0.9%, and the valuation is ahead of our fair value estimate, driving a 4.1% headwind, despite 11% projected growth. Walmart is a safe, defensive stock in times of economic hardship, and the stock remains a hold on a high valuation.

## 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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