

A 3D map of the United States, rendered in white, is positioned in the background. The map is slightly elevated, giving it a three-dimensional appearance. It is set against a light gray background that transitions into a dark blue gradient at the bottom of the slide.

**Walmart**  
Save money. Live better.



# Wal-Mart Stores, Inc. (WMT)

Presented by: Erblin Ribari, Florentina Ferati, Ken Olson,  
Cody Foil, Lucas Kneitz, and Caleb Janysek

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# Background and History



- Founded by Sam Walton in 1962
- The company's purpose was best said by its founder:

“If we work together, we'll lower the cost of living for everyone... we'll give the world an opportunity to see what it's like to save and have a better life.”
- 1970: Walmart opens first distribution center and home office in Bentonville, Arkansas
- 1988: Opened the first supercenter in Washington, Missouri

# Background and History



- 1990: Walmart becomes nation's No. 1 retailer. 1990 McLane Company of Temple, Texas acquired
- 1991: Became an international company when it opened its first Sam's club near Mexico City
- 1997: Walmart replaces Woolworth on the Dow Jones Industrial Average
- 2003: Walmart named by FORTUNE magazine as the most admired company in America

# Business Segments



## Units by segment

(as of January 31, 2011)



Walmart U.S.	3,804
Walmart International	4,557
Sam's Club	609

- The Walmart U.S. segment includes the Company's mass merchant concept in the United States and Puerto Rico
- The Walmart International segment consists of the Company's operations outside of the United States and Puerto Rico.
- The Sam's Club segment includes the warehouse membership clubs in the United States and Puerto Rico, as well as [samsclub.com](http://samsclub.com).

# Walmart International



- Walmart International is a fast-growing part of Walmart's overall operations
- 5,261 stores
- More than 730,000 associates
- In 27 countries outside the continental U.S.
- More than 100 international Sam's Clubs in Brazil, China, Mexico and Puerto Rico



# Walmart Stores



- Walmart Discount Stores
  - First opened in 1962
  - 681 stores in the U.S.
- Walmart Supercenters
  - First opened 1988
  - 2952 in U.S.
- Walmart Neighborhood Markets
  - First opened 1998
  - 185 markets

# Walmart Stores



- **Walmart Express Stores**
  - **First two Walmart Express test stores opened in June 2011 in Northwest Arkansas**
- **Marketside**
  - Opened in 2008
  - In Arizona in Chandler, Gilbert, Mesa and Tempe
- **Walmart.com**
  - Founded in 2008
  - Features more than 1,000,000 products

# Sales by Segment



## Sales by segment

(dollars in billions)  
(fiscal year ended January 31, 2011)



<span style="color: blue;">●</span> Walmart U.S.	\$260
<span style="color: orange;">●</span> Walmart International	\$109
<span style="color: green;">●</span> Sam's Club	\$ 49

### Walmart U.S. Segment

	Fiscal Years Ended January 31,		
	2011	2010	2009
Net sales <sup>(1)</sup>	<b>\$260,261</b>	\$259,919	\$256,970
Percentage change from comparable period	<b>0.1%</b>	1.1%	7.6%
Calendar comparable store sales	<b>-1.5%</b>	-0.7%	3.2%
Operating income <sup>(1)</sup>	<b>\$ 19,914</b>	\$ 19,313	\$ 18,310
Operating income as a percentage of net sales	<b>7.7%</b>	7.4%	7.1%
Unit counts	<b>3,804</b>	3,755	3,703
Retail square feet <sup>(2)</sup>	<b>617,067</b>	605,852	592,256

<sup>(1)</sup> Dollar amounts in millions

<sup>(2)</sup> Amounts in thousands



# Sales by Segment



## Walmart International Segment

	Fiscal Years Ended January 31,		
	2011	2010	2009
Net Sales <sup>(1)</sup>	<b>\$109,232</b>	\$97,407	\$96,141
Percentage change from comparable period	<b>12.1%</b>	1.3%	6.2%
Operating income <sup>(1)</sup>	<b>\$ 5,606</b>	\$ 4,901	\$ 4,832
Operating income as a percentage of net sales	<b>5.1%</b>	5.0%	5.0%
Unit counts	<b>4,557</b>	4,099	3,595
Retail square feet <sup>(2)</sup>	<b>286,680</b>	265,846	244,802

<sup>(1)</sup> Dollar amounts in millions

<sup>(2)</sup> Amounts in thousands

# Logistics Company



- Logistics
  - The heart of Walmart operation
- Distribution Centers
  - Walmart has one of the largest private distribution operations in the world
  - More than 40 regional distribution centers
  - Each supports between 75 to 100 stores within a 250-mile radius.

# Main Competitors



- Costco Wholesale Corp. (COST)
- Target Corp. (TGT)
- Family Dollar Stores Inc. (FDO)
- BonTon Stores Inc. (BONT)

# Dividends and Earnings per share



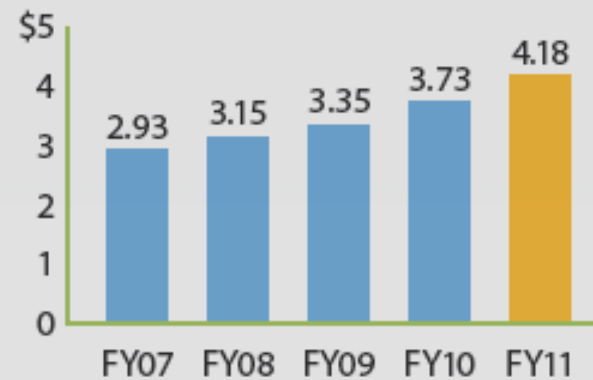
## Dividends

(dollars per share)



## Earnings per share

(diluted, continuing operations)



# Dividend and Growth



- Walmart initiated a dividend in 1974 and has raised it every year.
- Dividend yield is 2.8%
- Value Line projects an increase of 13% per year to 2014-2016
- Dividend payout is 29%
- Projected dividend in 5 years is 2.69/year

# Share Repurchase Plan



- Last year Walmart repurchased 207 million shares of stock
- 207 million shares equates to 5.34% of outstanding shares
- The pace of repurchasing is approximately 815,000 shares each trading day
- If Walmart continued this pace of buy back at current price they would buy back all of the outstanding stock in 17.7 years
  - This was calculated by the outstanding shares divided by the number repurchased last year:  $3,670,000,000 / 207,000,000$
- In June Walmart approved another buyback program for \$15 billion

# Acquisitions and Joint Ventures

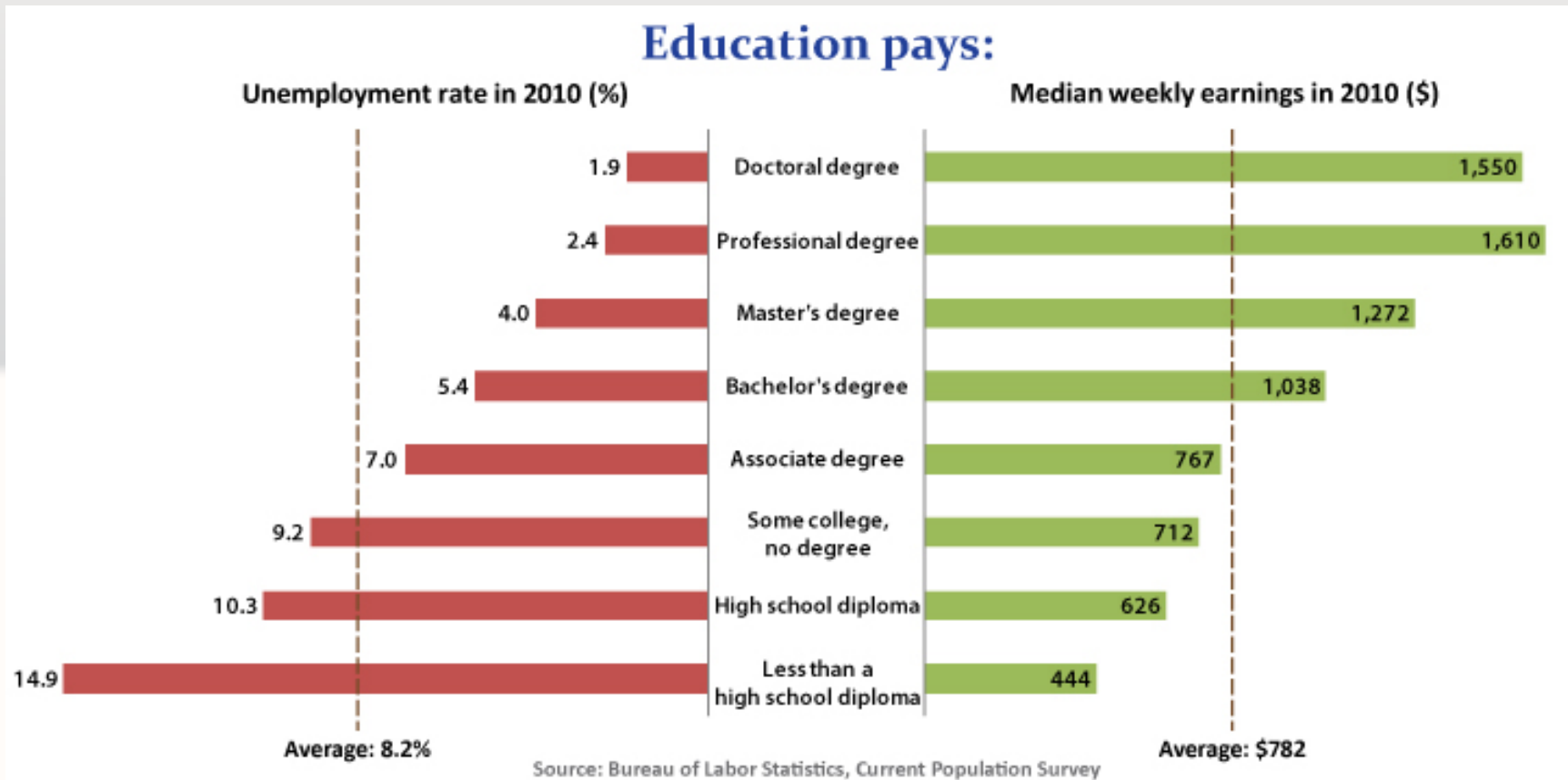


- Have been fueling international growth
- Massmart in South Africa
- In May 2010, the company agreed to acquire Netto Food Stores Limited, an operator of 193 stores in the United Kingdom, for an estimated \$1.2 billion from Dansk Supermarked.
  - After receiving U.K. government clearance for the acquisition, pending the divestiture of 47 Netto stores, the company completed the transaction in April 2011

# How does unemployment effect Walmart?



- “Core customers are those with annual incomes below \$30,000.”  
from Value Line, author Kevin Downing





# Three month comparison to the S&P



Wal-Mart Stores, Inc. Common St

■ WMT ■ S&P500

Oct 10, 2011



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Splits: Aug 25, 1975 [2:1], Dec 17, 1980 [2:1], Jul 12, 1982 [2:1], Jul 11, 1983 [2:1], Oct 7, 1985 [2:1], Jul 13, 1987 [2:1], Jul 9, 1990 [2:1], Feb 26, 1993 [2:1], Apr 20, 1999 [2:1]

Homer says...



**Ahhh...Write a Put**

# Dave says: Au Contraire Mon Frere



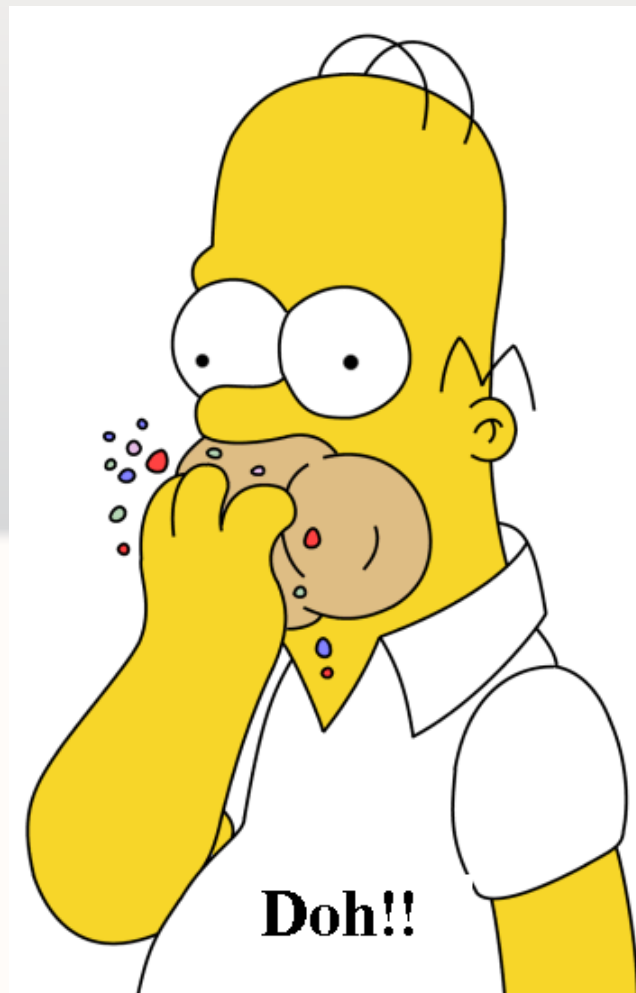
Dave Sather

Dave says...



**Be Strong  
Go Long!!!**

Homer says...



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# Thank you!



- Questions?