

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 or 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported):
February 21, 2017

Wal-Mart Stores, Inc.
(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction of Incorporation)

001-06991
(Commission File Number)

71-0415188
(IRS Employer Identification No.)

702 S.W. 8th Street
Bentonville, Arkansas 72716-0215
(Address of Principal Executive Offices) (Zip code)

Registrant's telephone number, including area code:
(479) 273-4000

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition.

In accordance with Item 2.02 of Form 8-K of the Securities and Exchange Commission (the "SEC"), Wal-Mart Stores, Inc., a Delaware corporation (the "Company"), is furnishing to the SEC a press release that the Company will issue on February 21, 2017 (the "Press Release") and a financial presentation that will be first posted by the Company on the Company's website at <http://stock.walmart.com> on February 21, 2017 (the "Financial Presentation"). The Press Release and the Financial Presentation will disclose information regarding the Company's results of operations for the three months and fiscal year ended January 31, 2017, and the Company's financial condition as of January 31, 2017.

In accordance with General Instruction B.2 of Form 8-K, the information in this Item 2.02 of this Current Report on Form 8-K, including Exhibits 99.1 and 99.2 hereto, which are furnished herewith pursuant to and relate to this Item 2.02, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise be subject to the liabilities of Section 18 of the Exchange Act. The information in this Current Report on Form 8-K and Exhibits 99.1 and 99.2 hereto shall not be incorporated by reference into any filing or other document filed by the Company with the SEC pursuant to the Securities Act of 1933, as amended, the rules and regulations of the SEC thereunder, the Exchange Act, or the rules and regulations of the SEC thereunder except as shall be expressly set forth by specific reference in such filing or document.

Item 9.01. Financial Statements and Exhibits.

Exhibit 99.1 - A copy of the Press Release being furnished pursuant to and that is related to the foregoing Item 2.02 is included herewith as Exhibit 99.1.

Exhibit 99.2 - A copy of the Financial Presentation being furnished pursuant to and that is related to the foregoing Item 2.02 is included herewith as Exhibit 99.2.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: February 21, 2017

WAL-MART STORES, INC.

By:	<u>/s/ M. Brett Biggs</u>
Name:	M. Brett Biggs
Title:	Executive Vice President and Chief Financial Officer



**Walmart U.S. Q4 comps grew 1.8% and Walmart U.S. eCommerce GMV grew 36.1%,
Company reports GAAP Q4 FY17 EPS of \$1.22 and full-year GAAP EPS of \$4.38,
Q4 adjusted EPS ¹ of \$1.30 and full-year adjusted EPS ¹ of \$4.32**

Fourth-quarter highlights

- ✳ Diluted EPS was \$1.22, which includes the impact of the discrete items detailed in this press release. Excluding these items ¹, EPS was \$1.30.
- ✳ Total revenue was \$130.9 billion, an increase of 1.0%. Excluding currency ¹, total revenue was \$133.6 billion, an increase of 3.0%.
- ✳ Walmart U.S. comp sales increased 1.8%, driven by a traffic increase of 1.4%. Neighborhood Market comps increased approximately 5.3%.
- ✳ E-commerce growth at Walmart U.S. was strong as sales and GMV increased 29.0% and 36.1%, respectively, including Jet.com and online grocery.
- ✳ Net sales at Walmart International were \$31.0 billion, a decrease of 5.1%. Excluding currency ¹, net sales were \$33.7 billion, an increase of 3.0%.
- ✳ The company generated \$11.9 billion in operating cash flow and returned \$3.6 billion to shareholders through dividends and share repurchases.

"We're moving with speed to become more of a digital enterprise and better serve customers. We had a very solid fourth quarter with U.S. comp sales growth of 1.8 percent and U.S. e-commerce GMV growth of 36 percent. Our international business is consistently delivering solid sales growth in constant currency, and Sam's Club posted its best comp sales growth of the year. I want to thank our talented associates for their work. We have more work to do, but I'm pleased with our progress."


Doug McMillon, President and CEO, Wal-Mart Stores, Inc.

Fiscal 2017 highlights

- ✳ Diluted EPS from continuing operations was \$4.38, which includes certain discrete items detailed in this press release. Excluding these items ¹, EPS was \$4.32.
- ✳ Total revenue was \$485.9 billion, an increase of 0.8%. Excluding currency ¹, total revenue was \$496.9 billion, an increase of 3.1%.
- ✳ Operating income was \$22.8 billion, a decrease of 5.6%. Excluding currency ¹, operating income was \$23.4 billion, a decrease of 2.9%.
- ✳ The company generated \$31.5 billion in operating cash flow and returned \$14.5 billion to shareholders through dividends and share repurchases.

Key results

(Amounts in millions, except as noted)

	<u>Q4 FY17</u>	<u>Q4 FY16</u>	<u>Change</u>	
Revenue	\$130,936	\$129,667	\$1,269	1.0%
Revenue (constant currency) ¹	\$133,584	\$129,667	\$3,917	3.0%
Operating income	\$6,205	\$6,642	-\$437	-6.6%
Operating income (constant currency) ¹	\$6,414	\$6,642	-\$228	-3.4%

¹ See additional information at the end of this release regarding non-GAAP financial measures.

NYSE: WMT

February 21, 2017

stock.walmart.com

Free Cash Flow	FY17	\$ Change	Returns to Shareholders	FY17	% Change
Operating cash flow	\$31,530	\$4,141	Dividends	\$6,216	-1.2%
Capital expenditures	\$10,619	-\$858	Share repurchases ²	\$8,298	101.8%
Free cash flow ¹	\$20,911	\$4,999	Total	\$14,514	39.5%

Guidance

The company's guidance for earnings per share assumes currency exchange rates remain at current levels. Additionally, this guidance assumes the full-year effective tax rate will be around 32%.

- Fiscal year 2018 EPS: \$4.20 to \$4.40
- First quarter fiscal year 2018 EPS: \$0.90 to \$1.00
- Comp sales for the 13-week period ending Apr. 28, 2017:
 - Walmart U.S.: +1.0% to +1.5%
 - Sam's Club (ex. fuel): approximately +1.0%

Segment results

Walmart U.S. Save money. Live better.	Q4 FY17	Q4 FY16	Change	
Net sales	\$83,747	\$81,462	\$2,285	2.8%
Comp sales ³	1.8%	0.6%	120 bps	N/A
✱ Traffic	1.4%	0.7%	70 bps	N/A
✱ Ticket	0.4%	-0.1%	50 bps	N/A
✱ E-commerce	~40 bps	~30 bps	~10 bps	N/A
Operating income	\$4,995	\$5,123	-\$128	-2.5%

Walmart International	Q4 FY17	Q4 FY16	Change	
Net sales	\$31,025	\$32,682	-\$1,657	-5.1%
Net sales (constant currency) ¹	\$33,661	\$32,682	\$979	3.0%
Operating income	\$1,513	\$1,661	-\$148	-8.9%
Operating income (constant currency) ¹	\$1,724	\$1,661	\$63	3.8%

Sam's Club Savings Made Simple	Q4 FY17	Q4 FY16	Change	
Net sales	\$14,978	\$14,540	\$438	3.0%
Comp sales (ex. fuel) ^{1,3}	2.4%	-0.5%	290 bps	N/A
✱ Traffic	1.2%	-1.4%	260 bps	N/A
✱ Ticket	1.2%	0.9%	30 bps	N/A
✱ E-commerce	~80 bps	~80 bps	~0 bps	N/A
Operating income	\$390	\$426	-\$36	-8.5%

¹ See additional information at the end of this release regarding non-GAAP financial measures.

² \$9.2 billion remaining of \$20 billion authorization approved in October 2015. The company repurchased approximately 120 million shares in fiscal 2017.

³ 13-week period ended Jan. 27, 2017, compared to 13-week period ended Jan. 29, 2016.

Net EPS impact of discrete items

The net EPS impact of certain discrete items included in the company's reported fourth quarter and fiscal year results from continuing operations was - \$0.08 ² and \$0.06 ² per share, respectively. The discrete items and the respective EPS impact, net of tax ¹, included in the reported results were as follows:

Q4 fiscal year 2017, net of tax ¹

• U.S. discontinued real estate projects and severance	\$	-0.08
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Fiscal year 2017, net of tax ¹

• Gain on the sale of Yihaodian in China	\$	0.14
• U.S. discontinued real estate projects and severance		-0.08
	\$	0.06

During fiscal year 2016, the net impact to EPS from discrete items included in the company's reported fourth quarter and full year results from continuing operations was -\$0.06 ² and -\$0.02 ² per share. *[Note: Details provided in press release issued Feb. 18, 2016.]*

Wal-Mart Stores, Inc. (NYSE: WMT) helps people around the world save money and live better - anytime and anywhere - in retail stores, online, and through their mobile devices. Each week, over 260 million customers and members visit our 11,695 stores under 59 banners in 28 countries and e-commerce websites in 11 countries. With fiscal year 2017 revenue of \$485.9 billion, Walmart employs approximately 2.3 million associates worldwide. Walmart continues to be a leader in sustainability, corporate philanthropy and employment opportunity. Additional information about Walmart can be found by visiting <http://corporate.walmart.com> on Facebook at <http://facebook.com/walmart> and on Twitter at <http://twitter.com/walmart>.

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Along with this press release, Walmart makes available a recorded call with executive leaders and a financial presentation to review business results, provide strategic updates, and comment on expectations for the future. We provide that call in both audio form and in a written transcript. Details on accessing the call are as follows:

- 877-523-5612 (U.S. and Canada)
- 201-689-8483 (other countries)
- Passcode: 9256278 (Walmart)
- MP3 @ stock.walmart.com

The call is archived at stock.walmart.com

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¹ Calculated based on nature of item and statutory rate in effect for relevant jurisdiction.

² See additional information at the end of this release regarding non-GAAP financial measures.

Forward-Looking Statements

This release contains statements as to Walmart management's guidance regarding earnings per share for the three months ending April 30, 2017 and year ending January 31, 2018, and Walmart U.S.'s comparable store sales and Sam's Club's comparable club sales, excluding fuel, for the 13 weeks ending April 28, 2017. Walmart believes such statements are "forward-looking statements" as defined in, and are intended to enjoy the protection of the safe harbor for forward-looking statements provided by, the Private Securities Litigation Reform Act of 1995, as amended. Assumptions on which such forward-looking statements are based, including without limitation the assumption regarding Walmart's effective tax rate for the year ending stated in this release, are also forward-looking statements. Walmart's actual results may differ materially from the guidance provided as a result of changes in circumstances, assumptions not being realized or other risks, uncertainties and factors including:

- economic, geo-political, capital markets and business conditions, trends and events around the world and in the markets in which Walmart operates;
- currency exchange rate fluctuations, changes in market interest rates and commodity prices;
- unemployment levels;
- competitive pressures;
- inflation or deflation, generally and in particular product categories;
- consumer confidence, disposable income, credit availability, spending levels, shopping patterns, debt levels and demand for certain merchandise;
- consumer enrollment in health and drug insurance programs and such programs' reimbursement rates;
- the amount of Walmart's net sales denominated in the U.S. dollar and various foreign currencies;
- the financial performance of Walmart and each of its segments;
- Walmart's ability to successfully integrate acquired businesses, including Jet.com, Inc.;
- Walmart's effective tax rate and the factors affecting Walmart's effective tax rate, including assessments of certain tax contingencies, valuation allowances, changes in law, administrative audit outcomes, impact of discrete items and the mix of earnings between the U.S. and Walmart's international operations;
- customer traffic and average ticket in Walmart's stores and clubs and on its e-commerce websites;
- the mix of merchandise Walmart sells, the cost of goods it sells and the shrinkage it experiences;
- the amount of Walmart's total sales and operating expenses in the various markets in which it operates;
- transportation, energy and utility costs and the selling prices of gasoline and diesel fuel;
- supply chain disruptions and disruptions in seasonal buying patterns;
- consumer acceptance of and response to Walmart's stores, clubs, e-commerce websites, mobile apps, initiatives, programs and merchandise offerings;
- cyber security events affecting Walmart and related costs;
- developments in, outcomes of, and costs incurred in legal or regulatory proceedings to which Walmart is a party;
- casualty and accident-related costs and insurance costs;
- the turnover in Walmart's workforce and labor costs, including healthcare and other benefit costs;
- changes in accounting estimates or judgments;
- changes in existing tax, labor and other laws and regulations and changes in tax rates, trade agreements, trade restrictions and tariff rates;
- the level of public assistance payments;
- natural disasters, public health emergencies, civil disturbances, and terrorist attacks; and
- Walmart's expenditures for FCPA and other compliance related costs.

Such risks, uncertainties and factors also include the risks relating to Walmart's strategy, operations and performance and the financial, legal, tax, regulatory, compliance, reputational and other risks discussed in Walmart's most recent annual report on Form 10-K filed with the SEC. You should consider the forward-looking statements in this call in conjunction with that annual report on Form 10-K and Walmart's quarterly reports on Form 10-Q and current reports on Form 8-K filed with the SEC. Walmart urges you to consider all of the risks, uncertainties and factors identified above or discussed in such reports carefully in evaluating the forward-looking statements in this call. Walmart cannot assure you that the results reflected or implied by any forward-looking statement will be realized or, even if substantially realized, that those results will have the forecasted or expected consequences and effects for or on Walmart's operations or financial performance. The forward-looking statements made in this call are as of the date of this call. Walmart undertakes no obligation to update these forward-looking statements to reflect subsequent events or circumstances.

Wal-Mart Stores, Inc.
Consolidated Statements of Income
(Unaudited)

	Quarters Ended January 31,			Fiscal Years Ended January 31,		
	2017	2016	Percent Change	2017	2016	Percent Change
<i>(Dollars in millions, except per share data)</i>						
Revenues:						
Net sales	\$ 129,750	\$ 128,684	0.8 %	\$ 481,317	\$ 478,614	0.6 %
Membership and other income	1,186	983	20.7 %	4,556	3,516	29.6 %
Total revenues	130,936	129,667	1.0 %	485,873	482,130	0.8 %
Costs and expenses:						
Cost of sales	97,743	96,999	0.8 %	361,256	360,984	0.1 %
Operating, selling, general and administrative expenses	26,988	26,026	3.7 %	101,853	97,041	5.0 %
Operating income	6,205	6,642	(6.6)%	22,764	24,105	(5.6)%
Interest:						
Debt	508	472	7.6 %	2,044	2,027	0.8 %
Capital lease and financing obligations	77	93	(17.2)%	323	521	(38.0)%
Interest income	(30)	(17)	76.5 %	(100)	(81)	23.5 %
Interest, net	555	548	1.3 %	2,267	2,467	(8.1)%
Income before income taxes	5,650	6,094	(7.3)%	20,497	21,638	(5.3)%
Provision for income taxes	1,664	1,346	23.6 %	6,204	6,558	(5.4)%
Consolidated net income	3,986	4,748	(16.0)%	14,293	15,080	(5.2)%
Consolidated net income attributable to noncontrolling interest	(229)	(174)	31.6 %	(650)	(386)	68.4 %
Consolidated net income attributable to Walmart	<u>\$ 3,757</u>	<u>\$ 4,574</u>	<u>(17.9)%</u>	<u>\$ 13,643</u>	<u>\$ 14,694</u>	<u>(7.2)%</u>
Net income per common share:						
Basic net income per common share attributable to Walmart	\$ 1.23	\$ 1.44	(14.6)%	\$ 4.40	\$ 4.58	(3.9)%
Diluted net income per common share attributable to Walmart	\$ 1.22	\$ 1.43	(14.7)%	\$ 4.38	\$ 4.57	(4.2)%
Weighted-average common shares outstanding:						
Basic	3,065	3,186		3,101	3,207	
Diluted	3,077	3,195		3,112	3,217	
Dividends declared per common share	\$ —	\$ —		\$ 2.00	\$ 1.96	

Wal-Mart Stores, Inc.
Consolidated Balance Sheets
(Unaudited)

(Dollars in millions)

	January 31, 2017	January 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 6,867	\$ 8,705
Receivables, net	5,835	5,624
Inventories	43,046	44,469
Prepaid expenses and other	1,941	1,441
Total current assets	57,689	60,239
Property and equipment:		
Property and equipment	179,492	176,958
Less accumulated depreciation	(71,782)	(66,787)
Property and equipment, net	107,710	110,171
Property under capital lease and financing obligations:		
Property under capital lease and financing obligations	11,637	11,096
Less accumulated amortization	(5,169)	(4,751)
Property under capital lease and financing obligations, net	6,468	6,345
Goodwill	17,037	16,695
Other assets and deferred charges	9,921	6,131
Total assets	\$ 198,825	\$ 199,581
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term borrowings	\$ 1,099	\$ 2,708
Accounts payable	41,433	38,487
Accrued liabilities	20,654	19,607
Accrued income taxes	921	521
Long-term debt due within one year	2,256	2,745
Capital lease and financing obligations due within one year	565	551
Total current liabilities	66,928	64,619
Long-term debt	36,015	38,214
Long-term capital lease and financing obligations	6,003	5,816
Deferred income taxes and other	9,344	7,321
Commitments and contingencies		
Equity:		
Common stock	305	317
Capital in excess of par value	2,371	1,805
Retained earnings	89,354	90,021
Accumulated other comprehensive loss	(14,232)	(11,597)
Total Walmart shareholders' equity	77,798	80,546
Nonredeemable noncontrolling interest	2,737	3,065
Total equity	80,535	83,611
Total liabilities and equity	\$ 198,825	\$ 199,581

Wal-Mart Stores, Inc.
Consolidated Statements of Cash Flows
(Unaudited)

	Fiscal Years Ended	
	January 31,	
	2017	2016
<i>(Dollars in millions)</i>		
Cash flows from operating activities:		
Consolidated net income	\$ 14,293	\$ 15,080
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Depreciation and amortization	10,080	9,454
Deferred income taxes	761	(672)
Other operating activities	206	1,410
Changes in certain assets and liabilities:		
Receivables, net	(402)	(19)
Inventories	1,021	(703)
Accounts payable	3,942	2,008
Accrued liabilities	1,137	1,303
Accrued income taxes	492	(472)
Net cash provided by operating activities	31,530	27,389
Cash flows from investing activities:		
Payments for property and equipment	(10,619)	(11,477)
Proceeds from the disposal of property and equipment	456	635
Proceeds from disposal of certain operations	662	246
Purchase of available for sale securities	(1,901)	—
Investment and business acquisitions, net of cash acquired	(2,463)	—
Other investing activities	(122)	(79)
Net cash used in investing activities	(13,987)	(10,675)
Cash flows from financing activities:		
Net change in short-term borrowings	(1,673)	1,235
Proceeds from issuance of long-term debt	137	39
Payments of long-term debt	(2,055)	(4,432)
Dividends paid	(6,216)	(6,294)
Purchase of Company stock	(8,298)	(4,112)
Dividends paid to noncontrolling interest	(479)	(719)
Purchase of noncontrolling interest	(90)	(1,326)
Other financing activities	(255)	(513)
Net cash used in financing activities	(18,929)	(16,122)
Effect of exchange rates on cash and cash equivalents	(452)	(1,022)
Net increase (decrease) in cash and cash equivalents	(1,838)	(430)
Cash and cash equivalents at beginning of year	8,705	9,135
Cash and cash equivalents at end of year	\$ 6,867	\$ 8,705

Wal-Mart Stores, Inc.
Supplemental Financial Information
(Unaudited)

Net sales and operating income

	Net Sales			Operating Income		
	Three Months Ended			Three Months Ended		
	January 31,			January 31,		
(dollars in millions)	2017	2016	Percent Change	2017	2016	Percent Change
Walmart U.S.	\$ 83,747	\$ 81,462	2.8 %	\$ 4,995	\$ 5,123	-2.5 %
Walmart International	31,025	32,682	-5.1 %	1,513	1,661	-8.9 %
Sam's Club	14,978	14,540	3.0 %	390	426	-8.5 %
Corporate and support	—	—	0.0 %	-693	-568	22.0 %
Consolidated	\$ 129,750	\$ 128,684	0.8 %	\$ 6,205	\$ 6,642	-6.6 %

	Net Sales			Operating Income		
	Fiscal Years Ended			Fiscal Years Ended		
	January 31,			January 31,		
(dollars in millions)	2017	2016	Percent Change	2017	2016	Percent Change
Walmart U.S.	\$ 307,833	\$ 298,378	3.2 %	\$ 17,745	\$ 19,087	-7.0 %
Walmart International	116,119	123,408	-5.9 %	5,758	5,346	7.7 %
Sam's Club	57,365	56,828	0.9 %	1,671	1,820	-8.2 %
Corporate and support	—	—	0.0 %	-2,410	-2,148	12.2 %
Consolidated	\$ 481,317	\$ 478,614	0.6 %	\$ 22,764	\$ 24,105	-5.6 %

U.S. comparable store sales results

	With Fuel		Without Fuel		Fuel Impact	
	13 Weeks Ended		13 Weeks Ended		13 Weeks Ended	
	1/27/2017	1/29/2016	1/27/2017	1/29/2016	1/27/2017	1/29/2016
Walmart U.S.	1.8%	0.6%	1.8%	0.6%	0.0%	0.0%
Sam's Club ¹	3.1%	-2.7%	2.4%	-0.5%	0.7%	-2.2%
Total U.S.	2.0%	0.1%	1.9%	0.4%	0.1%	-0.3%

	With Fuel		Without Fuel		Fuel Impact	
	52 Weeks Ended		52 Weeks Ended		52 Weeks Ended	
	1/27/2017	1/29/2016	1/27/2017	1/29/2016	1/27/2017	1/29/2016
Walmart U.S.	1.4%	1.2%	1.4%	1.2%	0.0%	0.0%
Sam's Club ¹	0.2%	-3.0%	1.1%	0.4%	-0.9%	-3.4%
Total U.S.	1.2%	0.5%	1.3%	1.0%	-0.1%	-0.5%

¹ See additional information at the end of this release regarding non-GAAP financial measures.

Wal-Mart Stores, Inc.
Reconciliations of and Other Information Regarding Non-GAAP Financial Measures
(Unaudited)

The following information provides reconciliations of certain non-GAAP financial measures presented in the press release to which this reconciliation is attached to the most directly comparable financial measures calculated and presented in accordance with generally accepted accounting principles (GAAP). The company has provided the non-GAAP financial information presented in the press release, which is not calculated or presented in accordance with GAAP, as information supplemental and in addition to the financial measures presented in the press release that are calculated and presented in accordance with GAAP. Such non-GAAP financial measures should not be considered superior to, as a substitute for or alternative to, and should be considered in conjunction with, the GAAP financial measures presented in the press release. The non-GAAP financial measures in the press release may differ from similar measures used by other companies.

Free Cash Flow

We define free cash flow as net cash provided by operating activities in a period minus payments for property and equipment made in that period. Free cash flow was \$20.9 billion and \$15.9 billion for the twelve months ended January 31, 2017 and 2016, respectively. The increase in free cash flow was led by improved working capital management.

Free cash flow is considered a non-GAAP financial measure. Management believes, however, that free cash flow, which measures our ability to generate additional cash from our business operations, is an important financial measure for use in evaluating the company's financial performance. Free cash flow should be considered in addition to, rather than as a substitute for, consolidated net income as a measure of our performance and net cash provided by operating activities as a measure of our liquidity.

Additionally, Walmart's definition of free cash flow is limited, in that it does not represent residual cash flows available for discretionary expenditures, due to the fact that the measure does not deduct the payments required for debt service and other contractual obligations or payments made for business acquisitions. Therefore, we believe it is important to view free cash flow as a measure that provides supplemental information to our Consolidated Statements of Cash Flows.

Although other companies report their free cash flow, numerous methods may exist for calculating a company's free cash flow. As a result, the method used by Walmart's management to calculate our free cash flow may differ from the methods used by other companies to calculate their free cash flow.

The following table sets forth a reconciliation of free cash flow, a non-GAAP financial measure, to net cash provided by operating activities, which we believe to be the GAAP financial measure most directly comparable to free cash flow, as well as information regarding net cash used in investing activities and net cash used in financing activities.

	Fiscal Years Ended	
	January 31,	
	2017	2016
<i>(Dollars in millions)</i>		
Net cash provided by operating activities	\$ 31,530	\$ 27,389
Payments for property and equipment (capital expenditures)	-10,619	-11,477
Free cash flow	\$ 20,911	\$ 15,912
Net cash used in investing activities ¹	\$ -13,987	\$ -10,675
Net cash used in financing activities	\$ -18,929	\$ -16,122

¹ "Net cash used in investing activities" includes payments for property and equipment, which is also included in our computation of free cash flow.

Constant Currency

In discussing our operating results, the term currency exchange rates refers to the currency exchange rates we use to convert the operating results for all countries where the functional currency is not the U.S. dollar ("non-USD entities") into U.S. dollars. We calculate the effect of changes in currency exchange rates as the difference between current period activity translated using the current period's currency exchange rates, and the comparable prior year period's currency exchange rates. Throughout our discussion, we refer to the results of this calculation as the impact of currency exchange rate fluctuations. When we refer to constant currency operating results, this means operating results without the impact of the currency exchange rate fluctuations and without the impact of acquisitions of non-USD entities, if any, until such acquisitions are included in both comparable periods. The disclosure of constant currency amounts or results permits investors to better understand Walmart's underlying performance without the effects of currency exchange rate fluctuations or acquisitions of non-USD entities.

The table below reflects the calculation of constant currency for total revenues, net sales and operating income for the three and twelve months ended January 31, 2017.

(Dollars in millions)	Three Months Ended January 31,				Twelve Months Ended January 31,			
	Walmart International		Consolidated		Walmart International		Consolidated	
	2017	Percent Change ¹	2017	Percent Change ¹	2017	Percent Change ¹	2017	Percent Change ¹
Total revenues:								
As reported	\$ 31,532	-4.6 %	\$ 130,936	1.0 %	\$ 118,089	-5.2 %	\$ 485,873	0.8 %
Currency exchange rate fluctuations ²	2,648	N/A	2,648	N/A	11,051	N/A	11,051	N/A
Constant currency total revenues	\$ 34,180	3.5 %	\$ 133,584	3.0 %	\$ 129,140	3.7 %	\$ 496,924	3.1 %
Net sales:								
As reported	\$ 31,025	-5.1 %	\$ 129,750	0.8 %	\$ 116,119	-5.9 %	\$ 481,317	0.6 %
Currency exchange rate fluctuations ²	2,636	N/A	2,636	N/A	10,959	N/A	10,959	N/A
Constant currency net sales	\$ 33,661	3.0 %	\$ 132,386	2.9 %	\$ 127,078	3.0 %	\$ 492,276	2.9 %
Operating income:								
As reported	\$ 1,513	-8.9 %	\$ 6,205	-6.6 %	\$ 5,758	7.7 %	\$ 22,764	-5.6 %
Currency exchange rate fluctuations ²	211	N/A	209	N/A	642	N/A	644	N/A
Constant currency operating income	\$ 1,724	3.8 %	\$ 6,414	-3.4 %	\$ 6,400	19.7 %	\$ 23,408	-2.9 %

¹ Change versus prior year comparable period.

² Excludes currency exchange rate fluctuations related to acquisitions until the acquisitions are included in both comparable periods.

Comparable Sam's Club Sales Measures

The comparable club sales of the company's Sam's Club operating segment ("Sam's Club") for the 13-week and 52-week periods ended Jan. 27, 2017 and Jan. 29, 2016, and for the 13-week period ending Apr. 28, 2017, in each case calculated by excluding Sam's Club's fuel sales for such periods (the "Sam's Club Comparable Sales Measures"), are non-GAAP financial measures as defined by the SEC's rules. We believe the Sam's Club comparable club sales for the historical periods for which the corresponding Sam's Club Comparable Sales Measures are presented, calculated by including fuel sales, are the financial measures computed in accordance with GAAP most directly comparable to the respective Sam's Club Comparable Sales Measures.

We believe that the presentation of the Sam's Club Comparable Sales Measures provides useful information to investors regarding the company's financial condition and results of operations because that information permits investors to understand the effect of the fuel sales, which are affected by the volatility of fuel prices, on Sam's Club's comparable club sales for the periods presented.

Adjusted EPS

The adjusted diluted earnings per share from continuing operations attributable to Walmart (Adjusted EPS) for each of the three-month periods and fiscal years ended Jan. 31, 2017 and 2016 is considered a non-GAAP financial measure under the SEC's rules because the Adjusted EPS for each such period excludes certain amounts not excluded in the diluted earnings per share from continuing operations attributable to Walmart calculated in accordance with GAAP (EPS) for each of the three-month periods and fiscal years ended Jan. 31, 2017 and 2016. Management believes that the Adjusted EPS for each of the three-month periods and fiscal years ended Jan. 31, 2017 and 2016 is a meaningful measure to share with investors because that measure, which adjusts EPS for such period for certain items recorded in such period, is the measure that best allows comparison of the performance for the comparable period. In addition, the measure affords investors a view of what management considers Walmart's core earnings performance for each of the three-month periods and fiscal years ended Jan. 31, 2017 and 2016 and also affords investors the ability to make a more informed assessment of such core earnings performance for the comparable period.

We have calculated the Adjusted EPS for the three months and the fiscal year ended Jan. 31, 2017 by adjusting the EPS for each period for the amount of the impact of: (1) U.S. discontinued real estate projects and severance and (2) the gain on the sale of Yihaodian in China as reported in Q2 FY17.

Adjusted EPS for each of the three months and the fiscal year ended Jan. 31, 2017 is a non-GAAP financial measure. The most directly comparable financial measure calculated in accordance with GAAP is EPS for the three months and the fiscal year ended Jan. 31, 2017.

Adjusted EPS - Fiscal 2017

Three Months Ended January 31, 2017			
Diluted earnings per share:			
Reported EPS			\$1.22
Adjustment:			
	Pre-Tax Impact	Tax Impact ¹	Net Impact
U.S. discontinued real estate projects and severance	\$0.12	-\$0.04	\$0.08
Adjusted EPS			\$1.30
Fiscal Year Ended January 31, 2017			
Diluted earnings per share:			
Reported EPS			\$4.38
Adjustments:			
	Pre-Tax Impact	Tax Impact ¹	Net Impact
Gain on the sale of Yihaodian in China	-\$0.17	\$0.03	-\$0.14
U.S. discontinued real estate projects and severance	0.12	-0.04	0.08
Net adjustments			-\$0.06
Adjusted EPS			\$4.32

¹ Calculated based on nature of item and statutory rate in effect for relevant jurisdiction.

As previously disclosed in our fiscal year ended Jan. 31, 2016 press release, we have calculated the Adjusted EPS for the three months and the fiscal year ended Jan. 31, 2016 by adjusting the EPS for each period for the amount of the dilutive impact of: (1) the effect of the closure of 269 stores globally, (2) the effect of recognizing certain discrete tax items in the fourth quarter of fiscal 2016 (discrete tax items), and (3) the accounting for certain leases as described in the company's fiscal 2016 third quarter earnings release.

Adjusted EPS for each of the three months and the fiscal year ended Jan. 31, 2016 is a non-GAAP financial measure. The most directly comparable financial measure calculated in accordance with GAAP is EPS for the three months and the fiscal year ended Jan. 31, 2016.

Adjusted EPS - Fiscal 2016

Three Months Ended January 31, 2016			
Diluted earnings per share:			
Reported EPS			\$1.43
Adjustments:			
	Pre-Tax Impact	Tax Impact ¹	Net Impact
Closure of 269 stores globally	\$0.29	-\$0.09	\$0.20
Discrete tax items	—	-0.14	-0.14
Net adjustments			\$0.06
Adjusted EPS			\$1.49
Fiscal Year Ended January 31, 2016			
Diluted earnings per share:			
Reported EPS			\$4.57
Adjustments:			
	Pre-Tax Impact	Tax Impact ¹	Net Impact
Closure of 269 stores globally	\$0.29	-\$0.09	\$0.20
Discrete tax items	—	-0.14	-0.14
Accounting for certain leases as described in the company's third quarter fiscal 2016 earnings release	-0.05	0.01	-0.04
Net adjustments			\$0.02
Adjusted EPS			\$4.59

¹ Calculated based on nature of item and statutory rate in effect for relevant jurisdiction.

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Wal-Mart Stores, Inc.

Financial presentation
to accompany
management transcript



Safe harbor and non-GAAP measures

This presentation contains statements as to Walmart management's guidance regarding earnings per share for the three months ending April 30, 2017, and fiscal year ending January 31, 2018, Walmart U.S.'s comparable store sales and Sam's Club's comparable club sales, excluding fuel, for the 13-week period ending April 28, 2017 and the third-party FCPA- and compliance- related expenses expected to be incurred for year ending January 31, 2018. Assumptions on which such forward-looking statements are based, including without limitation assumptions regarding our effective tax rate for the year ending January 31, 2018, are also forward-looking statements. Walmart believes such statements are "forward-looking statements" as defined in, and are intended to enjoy the protection of the safe harbor for such statements provided by, the Private Securities Litigation Reform Act of 1995, as amended. Walmart's actual results may differ materially from the guidance provided as a result of changes in circumstances, assumptions not being realized or other risks, uncertainties and factors including:

- economic, geo-political, capital markets and business conditions, trends and events around the world and in the markets in which Walmart operates;
- currency exchange rate fluctuations, changes in market interest rates and commodity prices;
- unemployment levels;
- competitive pressures;
- inflation or deflation, generally and in particular product categories;
- consumer confidence, disposable income, credit availability, spending levels, shopping patterns, debt levels and demand for certain merchandise;
- consumer enrollment in health and drug insurance programs and such programs' reimbursement rates;
- the amount of Walmart's net sales denominated in the U.S. dollar and various foreign currencies;
- the financial performance of Walmart and each of its segments;
- Walmart's ability to successfully integrate acquired businesses, including Jet.com, Inc.;
- Walmart's effective tax rate and the factors affecting Walmart's effective tax rate, including assessments of certain tax contingencies, valuation allowances, changes in law, administrative audit outcomes, impact of discrete items and the mix of earnings between the U.S. and Walmart's international operations;
- customer traffic and average ticket in Walmart's stores and clubs and on its e-commerce websites;
- the mix of merchandise Walmart sells, the cost of goods it sells and the shrinkage it experiences;
- the amount of Walmart's total sales and operating expenses in the various markets in which it operates;
- transportation, energy and utility costs and the selling prices of gasoline and diesel fuel;
- supply chain disruptions and disruptions in seasonal buying patterns;
- consumer acceptance of and response to Walmart's stores, clubs, e-commerce websites, mobile apps, initiatives, programs and merchandise offerings;
- cyber security events affecting Walmart and related costs;
- developments in, outcomes of, and costs incurred in legal or regulatory proceedings to which Walmart is a party;
- casualty and accident-related costs and insurance costs;
- the turnover in Walmart's workforce and labor costs, including healthcare and other benefit costs;
- changes in accounting estimates or judgments;
- changes in existing tax, labor and other laws and regulations and changes in tax rates, trade agreements, trade restrictions and tariff rates;
- the level of public assistance payments;
- natural disasters, public health emergencies, civil disturbances, and terrorist attacks; and
- Walmart's expenditures for FCPA and other compliance related costs.

Such risks, uncertainties and factors also include the risks relating to Walmart's strategy, operations and performance and the financial, legal, tax, regulatory, compliance and other risks discussed in Walmart's most recent annual report on Form 10-K filed with the SEC. You should read this presentation in conjunction with that annual report on Form 10-K and Walmart's subsequently filed quarterly reports on Form 10-Q and current reports on Form 8-K. You should consider all of the risks, uncertainties and other factors identified above and in those SEC reports carefully when evaluating the forward looking statements in this presentation. Walmart cannot assure you that the future results reflected in or implied by any such forward-looking statement will be realized or, even if substantially realized, will have the forecasted or expected consequences and effects for or on Walmart's operations or financial performance. Such forward-looking statements are made as of the date of this presentation, and Walmart undertakes no obligation to update such statements to reflect subsequent events or circumstances.

This presentation includes certain non-GAAP measures as defined under SEC rules, including net sales, revenue, and operating income on a constant currency basis, Sam's Club comp sales excluding fuel, free cash flow, return on investment and adjusted earnings per share. Refer to information about the non-GAAP measures contained in this presentation. Additional information as required by Regulation G and Item 10(e) of Regulation S-K regarding non-GAAP measures can be found in our most recent Form 10-K and Form 10-Q, and our Form 8-K furnished as of the date of this presentation with the SEC, which are available at www.stock.walmart.com.



Guidance

The company's guidance for earnings per share for the first quarter and full fiscal year 2018 assumes currency exchange rates remain at current levels. Additionally, this guidance assumes the full-year effective tax rate will be around 32%.



Q1 FY18 EPS:
\$0.90 to \$1.00

FY18 EPS:
\$4.20 to \$4.40



Comp sales for 13-week
period:¹
between +1.0% to +1.5%



Comp sales for 13-
week period,¹
excluding fuel:
approximately +1.0%



¹ 13-week period from January 28, 2017 through April 28, 2017, compared to 13-week period ended April 29, 2016.

Wal-Mart Stores, Inc.

(Amounts in millions, except per share data)

	Q4	\$ Δ ¹	% Δ ¹	FY17	\$ Δ ¹	% Δ ¹
Total revenue	\$130,936	\$1,269	1.0%	\$485,873	\$3,743	0.8%
Total revenue, constant currency ²	\$133,584	\$3,917	3.0%	\$496,924	\$14,794	3.1%
Net sales	\$129,750	\$1,066	0.8%	\$481,317	\$2,703	0.6%
Net sales, constant currency ²	\$132,386	\$3,702	2.9%	\$492,276	\$13,662	2.9%
Membership & other income	\$1,186	\$203	20.7%	\$4,556	\$1,040	29.6%
Operating income ³	\$6,205	-\$437	-6.6%	\$22,764	-\$1,341	-5.6%
Operating income, constant currency ^{2,3}	\$6,414	-\$228	-3.4%	\$23,408	-\$697	-2.9%
Interest expense, net	\$555	\$7	1.3%	\$2,267	-\$200	-8.1%
Consolidated net income attributable to Walmart ⁴	\$3,757	-\$817	-17.9%	\$13,643	-\$1,051	-7.2%
Diluted EPS ⁴	\$1.22	-\$0.21	-14.7%	\$4.38	-\$0.19	-4.2%

¹ Change versus prior year comparable period.

² See press release located at www.stock.walmart.com and reconciliations at the end of presentation regarding non-GAAP financial measures.

³ Q4 FY17 results include the impact from U.S. discontinued real estate projects and severance, which was \$370 million before income taxes. FY17 results include the impact from U.S. discontinued real estate projects and severance, as well as the gain from the sale of Yihao dian in Q2 FY17, which was \$535 million on a reported basis before income taxes and \$568 million on a constant currency basis before income taxes.

⁴ Q4 FY17 and YTD FY17 results include \$233 million, net of tax, or \$0.08 of diluted EPS, related to U.S. discontinued real estate projects and severance. Additionally, YTD FY17 results include the gain from the sale of Yihao dian, which was approximately \$435 million, net of tax, or \$0.14 of diluted EPS.



Wal-Mart Stores, Inc.

	Q4	bps Δ^1	FY17	bps Δ^1
Gross profit rate	24.7%	5 bps	24.9%	36 bps
Operating expenses as a percentage of net sales	20.8%	58 bps	21.2%	88 bps
Effective tax rate	29.5%	736 bps	30.3%	-4 bps
Debt to total capitalization ²	NP	NP	37.1%	-120 bps
Return on investment ^{3,4}	NP	NP	15.2%	-30 bps

¹ Basis points change versus prior year comparable period.

² Debt to total capitalization is calculated as of January 31, 2017. Debt includes short-term borrowings, long-term debt due within one year, capital lease and financing obligations due within one year, long-term debt, and long-term capital lease and financing obligations. Total capitalization includes debt and total Walmart shareholders' equity.

³ ROI is calculated for the trailing 12 months ended January 31, 2017.

⁴ See reconciliations at the end of presentation regarding non-GAAP financial measures.

NP - Not provided



Wal-Mart Stores, Inc.

(Amounts in millions)

	Q4	\$ Δ^1	% Δ^1
Receivables, net	\$5,835	\$211	3.8%
Inventories	\$43,046	-\$1,423	-3.2%
Accounts payable	\$41,433	\$2,946	7.7%

¹ Change versus prior year comparable period.



Wal-Mart Stores, Inc.

(Amounts in millions)

	FY17	\$ Δ ¹
Operating cash flow	\$31,530	\$4,141
Capital expenditures	\$10,619	-\$858
Free cash flow²	\$20,911	\$4,999



(Amounts in millions)

	Q4	% Δ ¹	FY17	% Δ ¹
Dividends	\$1,534	-2.0%	\$6,216	-1.2%
Share repurchases ³	\$2,044	-14.5%	\$8,298	101.8%
Total	\$3,578	-9.6%	\$14,514	39.5%



¹ Change versus prior year comparable period.

² See press release located at www.stock.walmart.com and reconciliations at the end of presentation regarding non-GAAP financial measures.

³ \$9.2 billion remaining of \$20 billion authorization approved in October 2015.

Walmart U.S.

(Amounts in millions)

	Q4	Δ^1	FY17	Δ^1
Net sales	\$83,747	2.8%	\$307,833	3.2%
Comparable store sales ^{2,3}	1.8%	120 bps	1.4%	20 bps
• Comp traffic	1.4%	70 bps	NP	NP
• Comp ticket	0.4%	50 bps	NP	NP
E-commerce impact ^{3,4}	~0.4%	~10 bps	NP	NP
Neighborhood Market	~5.3%	~170 bps	NP	NP
Gross profit rate	Decrease	-8 bps	Increase	24 bps
Operating expense rate ⁵	Increase	36 bps	Increase	101 bps
Operating income ⁶	\$4,995	-2.5%	\$17,745	-7.0%

¹ Change versus prior year comparable period.

² Comp sales are on a 13-week and 52-week basis for the periods ended January 27, 2017 for Q4 and YTD, respectively.

³ The results of new acquisitions are not included in our comp sales metrics as acquisitions are not included until the 13th month after acquisition.

⁴ The company's e-commerce sales impact includes those sales initiated through the company's websites and fulfilled through the company's dedicated e-commerce distribution facilities, as well as an estimate for sales initiated online but fulfilled through the company's stores and clubs.

⁵ For Q4, excluding \$249M of discontinued real estate projects in FY17 and the \$670M impact of store closures in FY16, operating expense as a percentage of net sales increased 88 bps.

⁶ For Q4, excluding \$249M of discontinued real estate projects in FY17 and the \$729M impact of store closures in FY16, operating income would have decreased 10.4%.

NP - Not provided



Walmart U.S. - quarterly financial highlights

Sales

- Net sales increased 2.8%, or approximately \$2.3 billion.
- Comp sales increased 1.8% led by comp traffic of 1.4%. On a 2-year stack basis, comp sales and traffic were up 2.4% and 2.1%, respectively.
- Market food deflation negatively impacted food comps by approximately 90 basis points.
- Strength in general merchandise and health & wellness was led by home, hardlines, apparel and OTC.

Gross Margin

- Gross margin decreased 8 basis points as savings from procuring merchandise as well as lower logistics costs benefited the margin rate, but were more than offset by the continued execution of our price investment strategy, the timing of post-Holiday markdowns, and the mix effects from our growing e-commerce business, including Jet.com.
- Last year's Q4 results included a \$56 million discrete item related to the impact of store closures.

Expenses

- Expenses increased 4.6% primarily as a result of the associate wage rate increases and incremental store wages to support holiday customer service initiatives as well as investments in technology. Jet.com expenses were also a contributing factor.
- This year's Q4 results included a \$249M discrete item related to discontinued real estate projects. Last year's Q4 results included a \$670M discrete item related to the impact of store closures. Excluding these adjustments, expenses would have increased 7.3%.

Inventory

- Total inventory declined 3.1% and comp store inventory declined 7.2%, while maintaining high in-stock levels.

Format growth

- Net openings of 14 Supercenters (including conversions and relocations) and 13 Neighborhood Markets.
- Expanded online grocery to more than 600 locations in over 100 markets.



Walmart U.S. - quarterly merchandise highlights

Category	Comp	Comments
Grocery ¹	+ low single-digit	Food and consumables traffic continued to be solid. Market deflation negatively impacted food comps by 90 bps. Consumables growth continued to be led by beauty/cosmetics and pets, reflecting improved assortment and product innovation.
Health & wellness	+ mid single-digit	Branded drug inflation, pharmacy script growth and continued strength in OTC drove increased sales.
General merchandise ²	+ low single-digit	Strong apparel sales were driven by assortment and newness as well as a recovery from the slow start in Q3 cold-weather related categories. Newness and key items contributed to growth in home, seasonal and hardlines categories while improved service offerings led to better Auto Care Center results. Entertainment results were soft in electronics and media/gaming.



¹ Includes food and consumables.

² In order to align with how we manage the business, general merchandise now includes entertainment, toys, hardlines, apparel and home/seasonal.

Walmart International

(Amounts in millions)	Reported		Constant currency ¹		Reported		Constant currency ¹	
	Q4	Δ^2	Q4	Δ^2	FY17	Δ^2	FY17	Δ^2
Net sales	\$31,025	-5.1%	\$33,661	3.0%	\$116,119	-5.9%	\$127,078	3.0%
Gross profit rate	Increase	21 bps	NP	NP	Increase	46 bps	NP	NP
Operating income ³	\$1,513	-8.9%	\$1,724	3.8%	\$5,758	7.7%	\$6,400	19.7%



¹ See press release located at www.stock.walmart.com and reconciliations at the end of presentation regarding non-GAAP financial measures.

² Change versus prior year comparable period.

³ FY17 results include the gain from the sale of Yihaodian in Q2 FY17, which was \$535 million on a reported basis and \$568 million on a constant currency basis.

NP - Not provided

Walmart International - quarterly financial highlights

Sales

- Ten of 11 markets had positive comp sales, and six of 11 markets had comp sales greater than 4 percent.
- Strength in key markets of Mexico and China.
- Currency exchange rate fluctuations negatively impacted net sales by \$2.6 billion.

Operating income

- The gain from the sale of certain shopping malls in Chile was a benefit to operating income in Q4.
- Operating income declined 8.9 percent on a reported basis and increased 3.8 percent on a constant currency basis.

Inventory

- Inventory grew slower than sales on a constant currency basis driven by several of our largest markets such as Mexico, the U.K., and Canada.



Walmart International - key markets quarterly results

Country ^{1,2}	Comp ³			Net sales ³	Gross profit rate ³	Operating income ³
	Sales	Traffic	Ticket			
United Kingdom ⁴	-2.9%	-1.8%	-1.1%	-0.6%	Decrease	Decrease
Walmex ⁵	7.3%	1.3%	6.0%	8.9%	Increase	Increase
Canada	0.2%	-1.1%	1.3%	2.7%	Increase	Relatively Flat
Brazil	0.8%	-2.4%	3.2%	-4.1%	Decrease	Increase
China	2.3%	-2.9%	5.2%	5.4%	Decrease	Decrease



¹ Results are on a constant currency basis. Net sales and comp sales are presented on a nominal, calendar basis.

² E-commerce results included for the United Kingdom, Walmex, Canada and China. E-commerce results for Brazil are not included in the table.

³ Change versus prior year comparable period.

⁴ Comp sales for the United Kingdom are presented excluding fuel.

⁵ Walmex includes the consolidated results of Mexico and Central America.

Walmart International - key market quarterly highlights

Walmex

- Walmex comp sales on a two-year stack basis increased 15 percent.
- Strong sales momentum continued across all formats, divisions, and countries.
 - In Mexico, the strongest performance came from Sam's Club.
- Comp sales in Mexico increased nearly 8 percent and outpaced all divisions of ANTAD¹, including self service, specialty, and department stores.
- Expenses and inventory grew at a slower rate than sales.



¹ ANTAD - Asociación Nacional de Tiendas de Autoservicio y Departamentales; The National Association of Supermarkets and Department Stores

Walmart International - key market quarterly highlights (cont.)

Canada

- Net sales increased 2.7 percent.
- Gained 60 basis points of market share in food and consumables and health & wellness for the 12-week period ended January 28, according to Nielsen.
- Our cost analytics program made good progress helping to drive down COGS enabling further investments in price.
- Inventory grew at a slower rate than sales.

U.K.

- Comp sales remained under pressure in the quarter, however we are encouraged by early signs of improvement in the customer value proposition.
- We continue to simplify the offer, improve product availability, and make strategic investments in service and price.
- The cost analytics program continued to be successful delivering savings above expectations for the year.
- Managed inventory levels, which declined at a faster rate than sales in the quarter.



Walmart International - key market quarterly highlights (cont.)

China

- Net sales increased 5.4 percent. Performance was broad based across hypermarkets and Sam's Club.
- Fresh and grocery were strongest performing product categories.
- Inventory grew at a faster rate than sales due to an earlier Chinese New Year.

Brazil

- Both Sam's and the Cash & Carry format delivered double digit sales growth.
- Managed inventory levels, which declined at a faster rate than sales.



Sam's Club

(Amounts in millions)

	With fuel		Without fuel ¹		With fuel		Without fuel ¹	
	Q4	Δ ²	Q4	Δ ²	FY17	Δ ²	FY17	Δ ²
Net sales	\$14,978	3.0%	\$13,944	2.3%	\$57,365	0.9%	\$53,289	1.8%
Comparable club sales ³	3.1%	580 bps	2.4%	290 bps	0.2%	320 bps	1.1%	70 bps
• Comp traffic	NP	NP	1.2%	260 bps	NP	NP	NP	NP
• Comp ticket	NP	NP	1.2%	30 bps	NP	NP	NP	NP
E-commerce impact ⁴	NP	NP	~0.8%	~0 bps	NP	NP	NP	NP
Gross profit rate	Increase	32 bps	Increase	53 bps	Increase	39 bps	Increase	35 bps
Membership income	NP	NP	NP	—%	NP	NP	NP	2.3%
Operating income	\$390	-8.5%	\$376	-5.1%	\$1,671	-8.2%	\$1,619	-7.3%

¹ See press release located at www.stock.walmart.com and reconciliations at the end of presentation regarding non-GAAP financial measures.

² Change versus prior year comparable period.

³ Comp sales are on a 13-week and 52-week basis for the periods ended January 27, 2017 for Q4 and YTD, respectively.

⁴ The company's e-commerce sales impact includes those sales initiated through the company's websites and fulfilled through the company's dedicated e-commerce distribution facilities, as well as an estimate for sales initiated online but fulfilled through the company's stores and clubs.

NP - Not provided



Sam's Club - quarterly financial highlights

Sales

- Comp sales¹ for the period increased 2.4%, as growth was balanced between traffic and average ticket.
- Market deflation abated during the period, yet it negatively impacted comp sales, primarily in food, by approximately 50 basis points.
- Tobacco performed well, along with home and apparel as well as health and wellness.
- E-commerce sales contributed approximately 80 basis points to comp sales.
 - Club pick-up and the direct to home business continued to have strong results.

Gross Margin

- Excluding fuel¹, gross margin increased by 53 basis points primarily as a result of savings from procuring merchandise and lower markdowns on seasonal items.

Expenses

- Operating expenses deleveraged, as expected. Headwinds included investments in people and related payroll costs, promotions through in-club demos, and costs associated with expanded payment options for members. Additionally, charges related to the impairment of clubs as well as canceled real estate projects were incurred during the quarter.

Membership Income

- Membership income was flat during the quarter.

Inventory

- Total inventory increased 2.4% driven by food, tobacco and home goods.

¹ Excluding fuel. See press release located at www.stock.walmart.com and reconciliations at the end of presentation regarding non-GAAP financial measures.



Sam's Club - quarterly category highlights

Category	Comp	Comments
Fresh / Freezer / Cooler	- low single-digit	Commodity deflation continued to pressure results in fresh meat and dairy categories. Assortment changes in frozen foods negatively impacted sales. Produce again delivered positive results on item availability and strong promotional performance.
Grocery and beverage	+ mid single-digit	Tobacco performed well. Water, sports drinks, candy and snacks generated strong results from new item introductions and assortment changes. This strength was offset by weakness in oil/rice, canned protein and baking items.
Consumables	+ low single-digit	Paper goods and laundry/home care performed well through strength in the private brand portfolio, combined with new items in subcategories such as fabric enhancers and paper towels.
Home and apparel	+ mid single-digit	Strength in holiday events drove positive results in toys and recreation, homelines and seasonal hardware. Apparel performed well, specifically in children's.
Technology, office and entertainment	relatively flat	Strength in holiday events delivered positive results in TVs, office electronics and office supplies. Pressure in wireless as well as the planned exit from movies and music negatively impacted the category.
Health and wellness	+ mid single-digit	Free/4/10 Plus benefit program continued to drive positive momentum in generic script counts offsetting deflation in generic ASP. Nutrition and protein drinks posted strong results with new items and strategic pricing on top SKUs.



Third-party FCPA- and compliance-related expenses

(Amounts in millions)	Q4		YTD	
	FY17	FY16	FY17	FY16
Ongoing inquiries and investigations	\$12	\$25	\$80	\$95
Global compliance program and organizational enhancements	5	8	19	31
Total	\$17	\$33	\$99	\$126

- In fiscal year 2018, we expect our third party FCPA- and compliance-related expenses to range between \$65 and \$85 million. These are included in our Corporate and support expenses.

Non-GAAP measures - ROI

We include Return on Assets ("ROA"), which is calculated in accordance with generally accepted accounting principles in the U.S. ("GAAP") as well as Return on Investment ("ROI") as measures to assess returns on assets. Management believes ROI is a meaningful measure to share with investors because it helps investors assess how effectively Walmart is deploying its assets. Trends in ROI can fluctuate over time as management balances long-term potential strategic initiatives with possible short-term impacts. We consider ROA to be the financial measure computed in accordance with GAAP that is the most directly comparable financial measure to our calculation of ROI.

ROA was 7.2 percent and 7.5 percent for the trailing twelve months ended January 31, 2017 and 2016, respectively. ROI was 15.2 percent and 15.5 percent for the trailing twelve months ended January 31, 2017 and 2016, respectively. The declines in ROA and ROI were primarily due to our decrease in operating income.

We define ROI as adjusted operating income (operating income plus interest income, depreciation and amortization, and rent expense) for the trailing 12 months divided by average invested capital during that period. We consider average invested capital to be the average of our beginning and ending total assets, plus average accumulated depreciation and average amortization, less average accounts payable and average accrued liabilities for that period, plus a rent factor equal to the rent for the fiscal year or trailing 12 months multiplied by a factor of 8. When we have discontinued operations, we exclude the impact of the discontinued operations.

Our calculation of ROI is considered a non-GAAP financial measure because we calculate ROI using financial measures that exclude and include amounts that are included and excluded in the most directly comparable GAAP financial measure. For example, we exclude the impact of depreciation and amortization from our reported operating income in calculating the numerator of our calculation of ROI. In addition, we include a factor of 8 for rent expense that estimates the hypothetical capitalization of our operating leases. As mentioned above, we consider return on assets to be the financial measure computed in accordance with generally accepted accounting principles most directly comparable to our calculation of ROI. ROI differs from ROA (which is consolidated net income for the period divided by average total assets for the period) because ROI: adjusts operating income to exclude certain expense items and adds interest income; adjusts total assets for the impact of accumulated depreciation and amortization, accounts payable and accrued liabilities; and incorporates a factor of rent to arrive at total invested capital. Because of the adjustments mentioned above, we believe ROI more accurately measures how we are deploying our key assets and is more meaningful to investors than ROA.

Although ROI is a standard financial measure, numerous methods exist for calculating a company's ROI. As a result, the method used by management to calculate our ROI may differ from the methods used by other companies to calculate their ROI.



Non-GAAP measures - ROI cont.

The calculation of ROA and ROI, along with a reconciliation of ROI to the calculation of ROA, the most comparable GAAP financial measure, is as follows:

Wal-Mart Stores, Inc.					
Return on Assets and Return on Investment					
	Trailing Twelve Months Ended January 31,			Trailing Twelve Months Ended January 31,	
(Dollars in millions)	2017	2016	(Dollars in millions)	2017	2016
CALCULATION OF RETURN ON ASSETS			CALCULATION OF RETURN ON INVESTMENT		
Numerator			Numerator		
Consolidated net income	\$ 14,293	\$ 15,080	Operating income	\$ 22,764	\$ 24,105
Denominator			+ Interest income	100	81
Average total assets ¹	\$ 199,203	\$ 201,536	+ Depreciation and amortization	10,080	9,454
Return on assets (ROA)	7.2%	7.5%	+ Rent	2,612	2,532
			Adjusted operating income	\$ 35,556	\$ 36,172
Certain Balance Sheet Data			Denominator		
Total assets	2017 \$ 198,825	2016 \$ 199,581	2015 \$ 203,490	Average total assets ¹	\$ 199,203 \$ 201,536
Accumulated depreciation and amortization	76,951	71,538	65,979	+ Average accumulated depreciation and amortization ¹	74,245 68,759
Accounts payable	41,433	38,487	38,410	- Average accounts payable ¹	39,960 38,449
Accrued liabilities	20,654	19,607	19,152	- Average accrued liabilities ¹	20,131 19,380
				+ Rent x 8	20,896 20,256
				Average invested capital	\$ 234,253 \$ 232,722
				Return on investment (ROI)	15.2% 15.5%



¹ The average is based on the addition of the account balance at the end of the current period to the account balance at the end of the prior period and dividing by 2.

Non-GAAP measures - free cash flow

We define free cash flow as net cash provided by operating activities in a period minus payments for property and equipment made in that period. Free cash flow was \$20.9 billion and \$15.9 billion for the twelve months ended January 31, 2017 and 2016, respectively. The increase in free cash flow was led by improved working capital management.

Free cash flow is considered a non-GAAP financial measure. Management believes, however, that free cash flow, which measures our ability to generate additional cash from our business operations, is an important financial measure for use in evaluating the company's financial performance. Free cash flow should be considered in addition to, rather than as a substitute for, consolidated net income as a measure of our performance and net cash provided by operating activities as a measure of our liquidity. Additionally, Walmart's definition of free cash flow is limited, in that it does not represent residual cash flows available for discretionary expenditures, due to the fact that the measure does not deduct the payments required for debt service and other contractual obligations or payments made for business acquisitions. Therefore, we believe it is important to view free cash flow as a measure that provides supplemental information to our Consolidated Statements of Cash Flows.

The following table sets forth a reconciliation of free cash flow, a non-GAAP financial measure, to net cash provided by operating activities, which we believe to be the GAAP financial measure most directly comparable to free cash flow, as well as information regarding net cash used in investing activities and net cash used in financing activities.

(Dollars in millions)	Twelve Months Ended January 31,	
	2017	2016
Net cash provided by operating activities	\$ 31,530	\$ 27,389
Payments for property and equipment (capital expenditures)	-10,619	-11,477
Free cash flow	\$ 20,911	\$ 15,912
Net cash used in investing activities ¹	\$ -13,987	\$ -10,675
Net cash used in financing activities	\$ -18,929	\$ -16,122

¹ "Net cash used in investing activities" includes payments for property and equipment, which is also included in our computation of free cash flow.



Non-GAAP measures - constant currency

The term "currency exchange rates" refers to the currency exchange rates we use to convert the operating results for all countries where the functional currency is not the U.S. dollar ("non-USD entities") into U.S. dollars. We calculate the effect of changes in currency exchange rates as the difference between current period activity translated using the current period's currency exchange rates, and the comparable prior year period's currency exchange rates. Throughout our discussion, we refer to the results of this calculation as the impact of currency exchange rate fluctuations. When we refer to constant currency operating results, this means operating results without the impact of the currency exchange rate fluctuations and without the impact of acquisitions of non-USD entities, if any, until such acquisitions are included in both comparable periods. The disclosure of constant currency amounts or results permits investors to understand better Walmart's underlying performance without the effects of currency exchange rate fluctuations or acquisitions of non-USD entities.

The table below reflects the calculation of constant currency for total revenues, net sales and operating income for the three and twelve months ended January 31, 2017.

(Dollars in millions)	Three Months Ended January 31,				Twelve Months Ended January 31,			
	Walmart International		Consolidated		Walmart International		Consolidated	
	2017	Percent Change ¹	2017	Percent Change ¹	2017	Percent Change ¹	2017	Percent Change ¹
Total revenues:								
As reported	\$ 31,532	-4.6%	\$ 130,936	1.0%	\$ 118,089	-5.2%	\$ 485,873	0.8%
Currency exchange rate fluctuations ²	2,648	N/A	2,648	N/A	11,051	N/A	11,051	N/A
Constant currency total revenues	\$ 34,180	3.5%	\$ 133,584	3.0%	\$ 129,140	3.7%	\$ 496,924	3.1%
Net sales:								
As reported	\$ 31,025	-5.1%	\$ 129,750	0.8%	\$ 116,119	-5.9%	\$ 481,317	0.6%
Currency exchange rate fluctuations ²	2,636	N/A	2,636	N/A	10,959	N/A	10,959	N/A
Constant currency net sales	\$ 33,661	3.0%	\$ 132,386	2.9%	\$ 127,078	3.0%	\$ 492,276	2.9%
Operating income:								
As reported	\$ 1,513	-8.9%	\$ 6,205	-6.6%	\$ 5,758	7.7%	\$ 22,764	-5.6%
Currency exchange rate fluctuations ²	211	N/A	209	N/A	642	N/A	644	N/A
Constant currency operating income	\$ 1,724	3.8%	\$ 6,414	-3.4%	\$ 6,400	19.7%	\$ 23,408	-2.9%



¹ Change versus prior year comparable period.

² Excludes currency exchange rate fluctuations related to acquisitions until the acquisitions are included in both comparable periods.

Non-GAAP measures - fuel impact

The net sales and operating income of Sam's Club for the three and twelve months ended January 31, 2017, the percentage changes in those financial measures from the respective comparable prior year period, Sam's Club's comparable club sales for the 13-week and 52-week periods ended January 27, 2017 and Sam's Club's projected comparable club sales for the 13-week period ending April 28, 2017, in each case calculated by excluding Sam's Club's fuel sales for such periods, are non-GAAP financial measures. We believe the Sam's Club net sales and operating income for the three and twelve months ended January 31, 2017, the percentage changes in those financial measures from the respective comparable prior year period, Sam's Club's comparable club sales for the 13-week and 52-week periods ended January 27, 2017, and Sam's Club's projected comparable club sales for the 13-week period ending April 28, 2017, in each case calculated by including Sam's Club's fuel sales for such period, are, respectively, the financial measures computed in accordance with GAAP most directly comparable to the non-GAAP financial measures described above.

We believe that the presentation of the non-GAAP financial measures with respect to Sam's Club described above provides useful information to investors regarding Walmart's financial condition and results of operations because that information permits investors to understand the effect of the fuel sales of Sam's Club, which are affected by the volatility of fuel prices, on Sam's Club's net sales and operating income and on Sam's Club's comparable club sales for the periods presented.



Non-GAAP measures - fuel impact cont.

The table below reflects the calculation of the fuel impact for net sales and operating income for the three and twelve months ended January 31, 2017 and 2016.

(Dollars in millions)	Three Months Ended January 31,			Twelve Months Ended January 31,		
	2017	2016	Percent	2017	2016	Percent
Sam's Club						
Net Sales:						
As Reported	\$ 14,978	\$ 14,540	3.0%	\$ 57,365	\$ 56,828	0.9%
Fuel Impact	1,034	903	N/A	4,076	4,498	N/A
Excluding Fuel	<u>\$ 13,944</u>	<u>\$ 13,637</u>	<u>2.3%</u>	<u>\$ 53,289</u>	<u>\$ 52,330</u>	<u>1.8%</u>
Operating Income:						
As Reported	\$ 390	\$ 426	-8.5%	\$ 1,671	\$ 1,820	-8.2%
Fuel Impact	14	30	N/A	52	74	N/A
Excluding Fuel	<u>\$ 376</u>	<u>\$ 396</u>	<u>-5.1%</u>	<u>\$ 1,619</u>	<u>\$ 1,746</u>	<u>-7.3%</u>

The table below reflects the fuel impact for comparable club sales for the 13 weeks and 52 weeks ended January 27, 2017 and January 29, 2016.

	With Fuel		Without Fuel		Fuel Impact	
	13 Weeks Ended 1/27/2017	13 Weeks Ended 1/29/2016	13 Weeks Ended 1/27/2017	13 Weeks Ended 1/29/2016	13 Weeks Ended 1/27/2017	13 Weeks Ended 1/29/2016
Sam's Club	3.1%	-2.7%	2.4%	-0.5%	0.7%	-2.2%
	52 Weeks Ended		52 Weeks Ended		52 Weeks Ended	
	1/27/2017	1/29/2016	1/27/2017	1/29/2016	1/27/2017	1/29/2016
Sam's Club	0.2%	-3.0%	1.1%	0.4%	-0.9%	-3.4%



Non-GAAP measures - adjusted EPS

The adjusted diluted earnings per share from continuing operations attributable to Walmart (Adjusted EPS) for each of the three-month periods and fiscal years ended Jan. 31, 2017 and 2016 is considered a non-GAAP financial measure under the SEC's rules because the Adjusted EPS for each such period excludes certain amounts not excluded in the diluted earnings per share from continuing operations attributable to Walmart calculated in accordance with GAAP (EPS) for each of the three-month periods and fiscal years ended Jan. 31, 2017 and 2016. Management believes that the Adjusted EPS for each of the three-month periods and fiscal years ended Jan. 31, 2017 and 2016 is a meaningful measure to share with investors because that measure, which adjusts EPS for such period for certain items recorded in such period, is the measure that best allows comparison of the performance for the comparable period. In addition, the measure affords investors a view of what management considers Walmart's core earnings performance for each of the three-month periods and fiscal years ended Jan. 31, 2017 and 2016 and also affords investors the ability to make a more informed assessment of such core earnings performance for the comparable period.

We have calculated the Adjusted EPS for the three months and the fiscal year ended Jan. 31, 2017 by adjusting the EPS for each period for the amount of the impact of: (1) U.S. discontinued real estate projects and severance and (2) the gain on the sale of Yihaodian in China as reported in Q2 FY17.

Adjusted EPS for each of the three months and the fiscal year ended Jan. 31, 2017 is a non-GAAP financial measure. The most directly comparable financial measure calculated in accordance with GAAP is EPS for the three months and the fiscal year ended Jan. 31, 2017.



Non-GAAP measures - adjusted EPS cont.

Adjusted EPS - Fiscal 2017			
Three Months Ended January 31, 2017			
Diluted earnings per share:			
Reported EPS			\$1.22
Adjustment:	Pre-Tax Impact	Tax Impact¹	Net Impact
U.S. discontinued real estate projects and severance	\$0.12	-\$0.04	\$0.08
Adjusted EPS			\$1.30
Fiscal Year Ended January 31, 2017			
Diluted earnings per share:			
Reported EPS			\$4.38
Adjustments:	Pre-Tax Impact	Tax Impact¹	Net Impact
Gain on the sale of Yihaodian in China	-\$0.17	\$0.03	-\$0.14
U.S. discontinued real estate projects and severance	0.12	-0.04	0.08
Net adjustments			-\$0.06
Adjusted EPS			\$4.32

¹ Calculated based on nature of item and statutory rate in effect for relevant jurisdiction.



Non-GAAP measures - adjusted EPS cont.

As previously disclosed in our fiscal year ended Jan. 31, 2016 press release, we have calculated the Adjusted EPS for the three months and the fiscal year ended Jan. 31, 2016 by adjusting the EPS for each period for the amount of the dilutive impact of: (1) the effect of the closure of 269 stores globally, (2) the effect of recognizing certain discrete tax items in the fourth quarter of fiscal 2016 (discrete tax items), and (3) the accounting for certain leases as described in the company's fiscal 2016 third quarter earnings release.

Adjusted EPS for each of the three months and the fiscal year ended Jan. 31, 2016 is a non-GAAP financial measure. The most directly comparable financial measure calculated in accordance with GAAP is EPS for the three months and the fiscal year ended Jan. 31, 2016.



Non-GAAP measures - adjusted EPS cont.

Adjusted EPS - Fiscal 2016				
Three Months Ended January 31, 2016				
Diluted earnings per share:				
Reported EPS				\$1.43
Adjustments:				
	Pre-Tax Impact	Tax Impact¹	Net Impact	
Closure of 269 stores globally	\$0.29	-\$0.09	\$0.20	
Discrete tax items	—	-0.14	-0.14	
Net adjustments			\$0.06	
Adjusted EPS				\$1.49
Fiscal Year Ended January 31, 2016				
Diluted earnings per share:				
Reported EPS				\$4.57
Adjustments:				
	Pre-Tax Impact	Tax Impact¹	Net Impact	
Closure of 269 stores globally	\$0.29	-\$0.09	\$0.20	
Discrete tax items	—	-0.14	-0.14	
Accounting for certain leases as described in the company's third quarter fiscal 2016 earnings release	-0.05	0.01	-0.04	
Net adjustments			\$0.02	
Adjusted EPS				\$4.59



¹ Calculated based on nature of item and statutory rate in effect for relevant jurisdiction.

Additional resources at stock.walmart.com

- Additional information related to reconciliations for our non-GAAP financial measures (ROI, free cash flow, constant currency, Sam's Club comparable measures, and Adjusted EPS)
- Unit counts & square footage
- Comparable store sales
- Terminology
- Fiscal year 2018 earnings dates



