Financial Analysis of Walmart: Key Insights and Recommendations

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24 January 2026

Persistent Sales Revenue Growth at Walmart
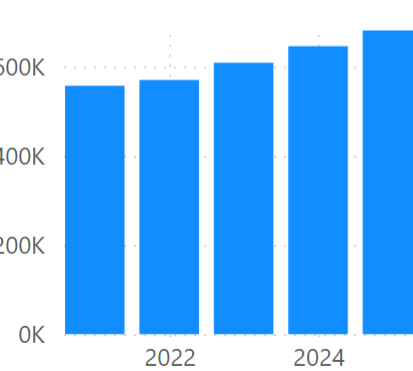
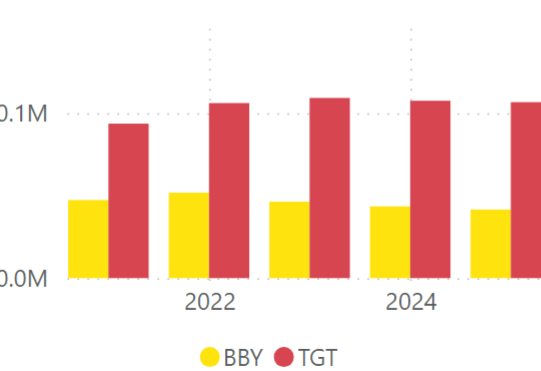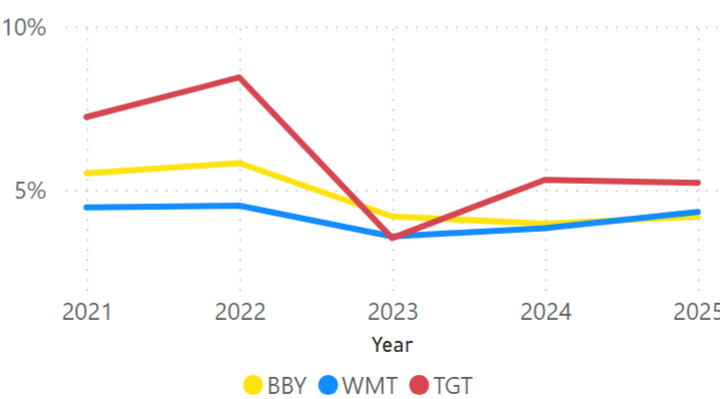| Sales Revenue	Sales Growth	Gross Margin	Operating Margin	Net Margin	Return on Equity	Financial Metrics of Walmart
681bn	**5.46%**	**26.76%**	**4.33%**	**2.85%**	**19.90%**	2025 ▾

Sales Revenue of Walmart (in million USD)

Sales Revenue for Target and Best Buy (in million USD)

● BBY ● TGT

Operating Profit Margin

Year

● BBY ● WMT ● TGT

Return on Equity

● BBY ● WMT ● TGT
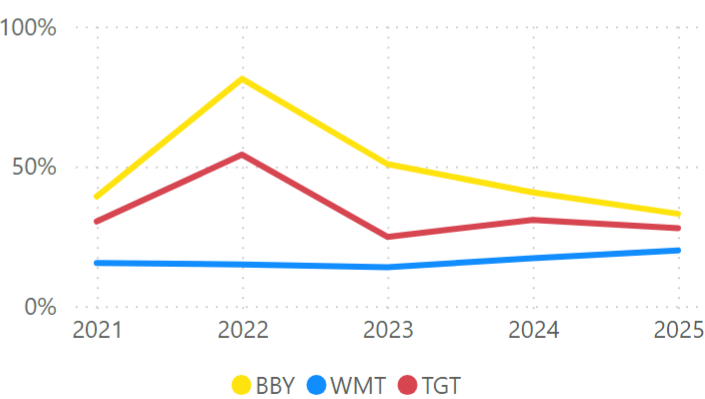
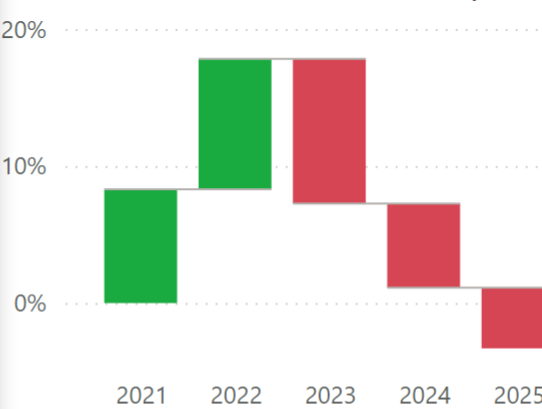## Sales Growth of Walmart
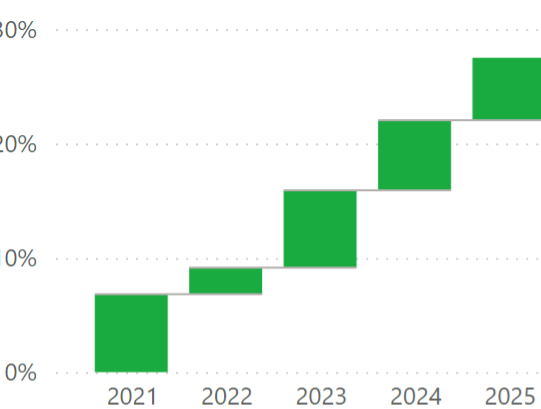
Sales Growth of Target

Sales Growth of Best Buy

- Steady rise of Walmart's Sales revenue

- Slight improvement of Walmart's Operating Profit and Net income

- Strengthened Profitability of Walmart despite having a challenging retail environment in recent years

Performance Trends

2021   2025

Walmart should optimize the cost discipline to raise Profit Margins and strengthen shareholder value

Financial overview on Liquidity, Efficiency and Solvency ratios of Walmart

Current Ratio
0.82

Asset Turnover
2.61

Debt to Equity Ratio
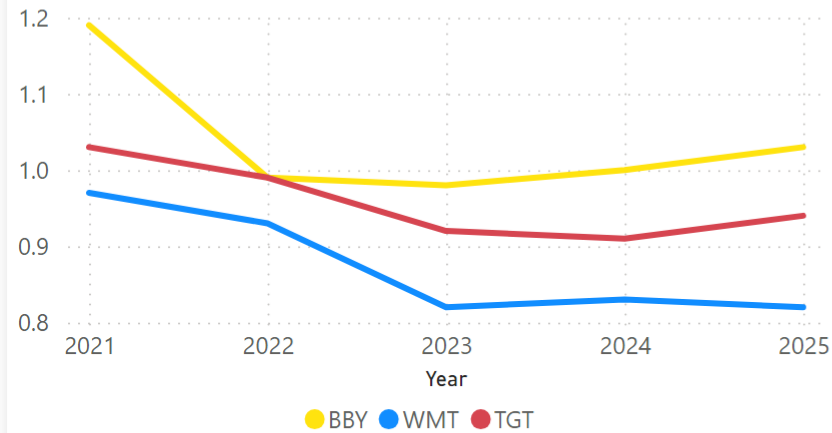1.67

Financial Metrics of Walmart
2025

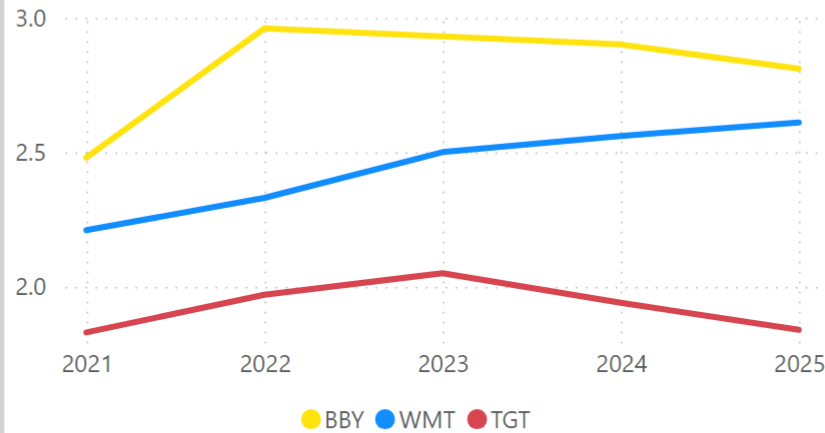## Liquidity: Weak Current assets management

Current Ratio

- Has the lowest current ratio among competitors
- Reflects weak management of current asset and liabilities
- Signals potential difficulty in repaying short-time debts and obligations

Efficiency: Strong Asset utilization

Asset Turnover

- Shows a gradual increase on Asset turnover ratio
- Enhances efficiency in generating revenue from assets
- Reflects effective overall asset management

Solvency: Better Debt management

Debt to Equity Ratio
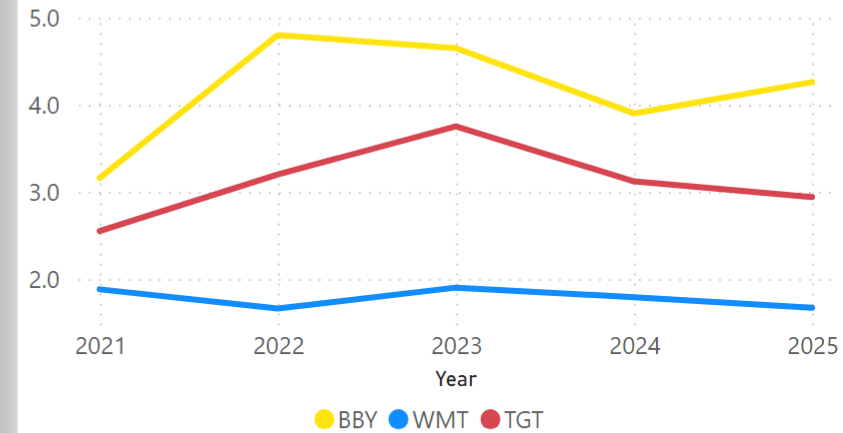
- Performs better than competitors on debt-to-equity ratio
- Relies on debt financing to sustain assets
- Requires improvement in balancing debt and equity

Walmart should maintain a better control of liabilities to improve the high debt risk and efficiency

Transformation from Brick-and-Mortar to Ecommerce business

Expansion of Advertising Revenue

Walmart advertising revenue yearly growth
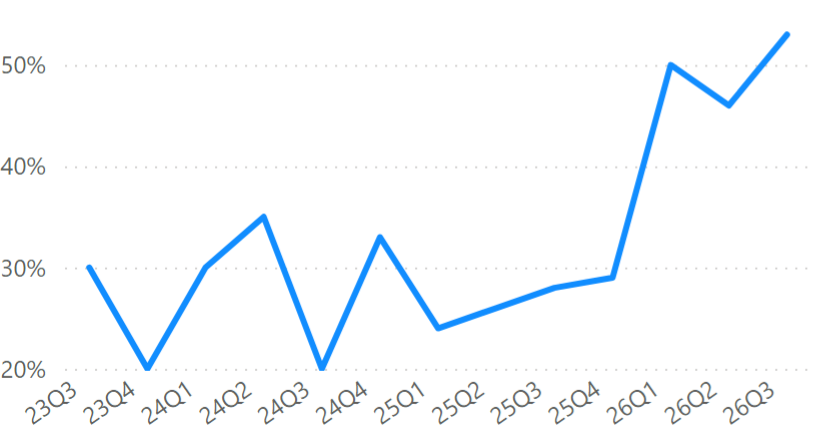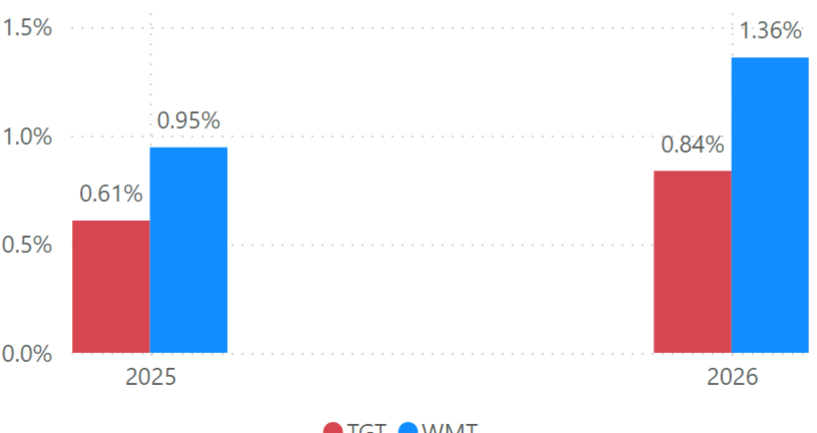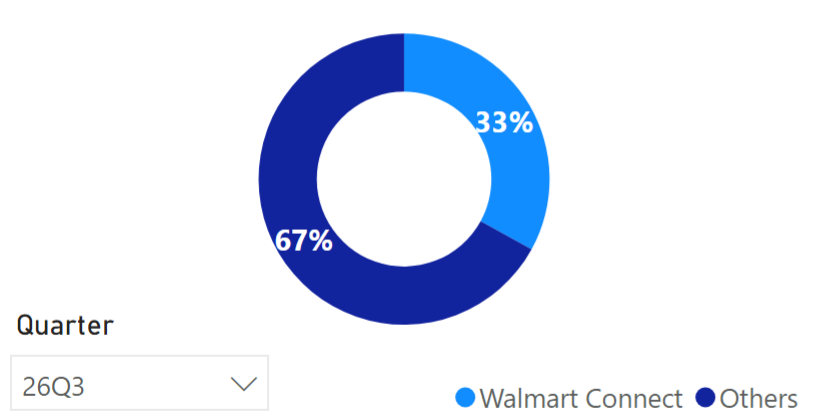

Walmart and Target Advertisment Yield

- 2025: TGT 0.61%, WMT 0.95%
- 2026: TGT 0.84%, WMT 1.36%
- Legend: TGT, WMT

- Walmart advertising revenue surged by 50% in FY 2026

- Share of advertising revenue in total sales expected to rise by 40% in FY2026

- Acquisition of Vizio integrates Vizio's SmartCast Operating System, enhancing the opportunity of advertisers to reach customer engagement

Comprehensive coverage of Online Platforms

Proportion of Walmart Connect Advertisment Revenue

- 33% Walmart Connect
- 67% Others

Quarter

26Q3

Legend: Walmart Connect, Others

Domination of Online Shopping Platforms

Online Shopping Platform Unique Visitors in Best Buy, Walmart and Target

- 6K (4.9%)
- 3K (2.2%)
- 123K (92.9%)
- Legend: BBY, TGT, WMT
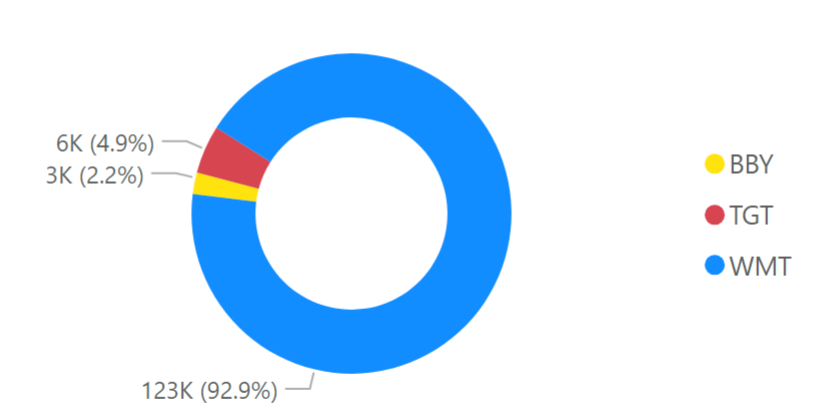
- Walmart online platform advertising revenue coverage continues to expand globally

- Walmart has the largest share of online shopping market compared to competitors

- Walmart has a competitive advantage in Ecommerce and Advertising

Walmart shifts to Online Shopping through major investments on Advertising and Ecommerce business

Developing Ecommerce business to capture emerging Ecommerce trend

Immature development of Walmart's Ecommerce business

Ecommerce Revenue of Walmart, Target and Best Buy

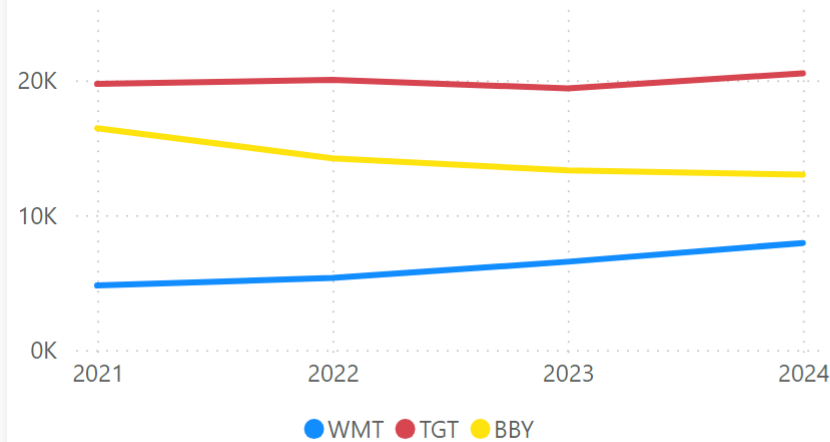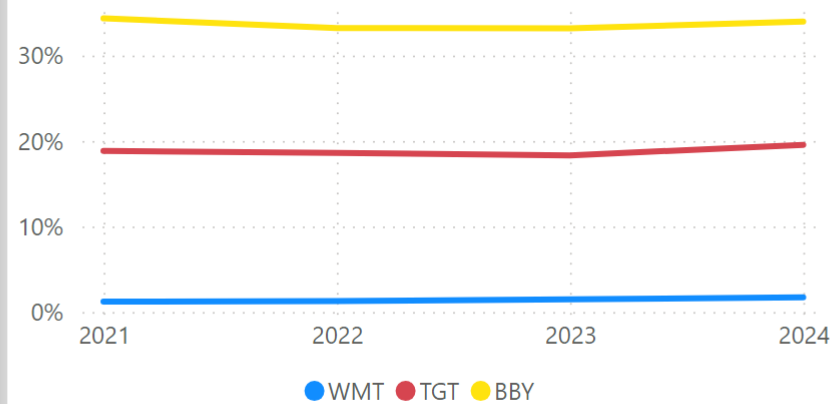Legend: ● WMT ● TGT ● BBY

Ecommerce Penetration Rate of Walmart, Target and Best Buy

Legend: ● WMT ● TGT ● BBY

- Walmart has the lowest Ecommerce revenue and Ecommerce penetration rate among competitors
- Indicates significant rooms for scaling of the Ecommerce operations for Walmart

Rapid growth of Walmart's Ecommerce business

Ecommerce Revenue Growth of Walmart, Target and Best Buy

Legend: ● BBY ● TGT ● WMT
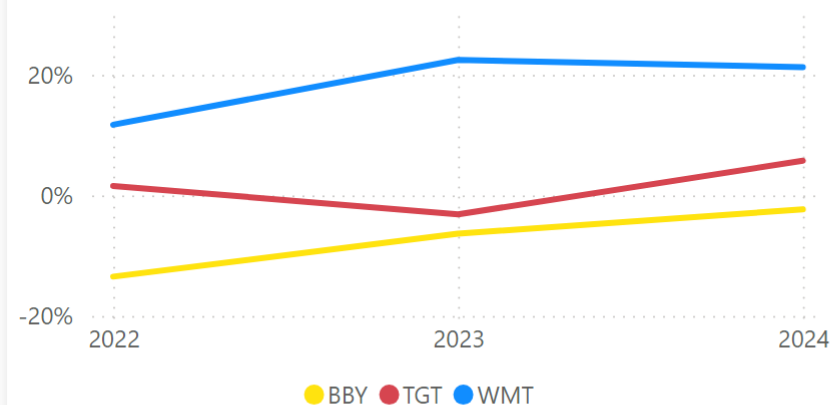
Ecommerce Penetration Rate Percentage Change of Walmart, Target and Best Buy

Legend: ● BBY ● TGT ● WMT
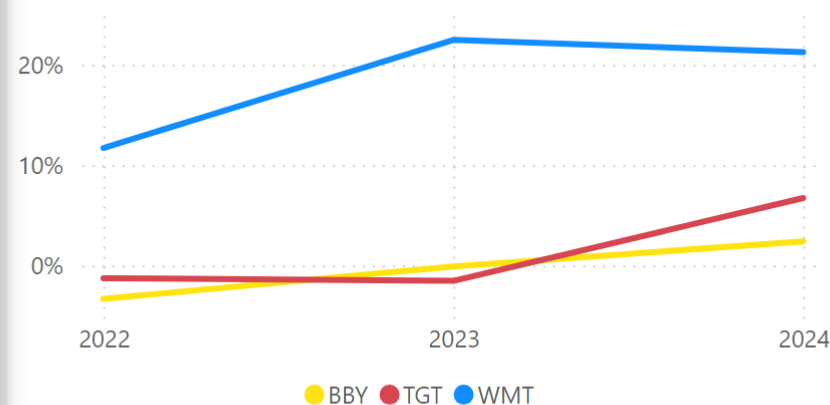
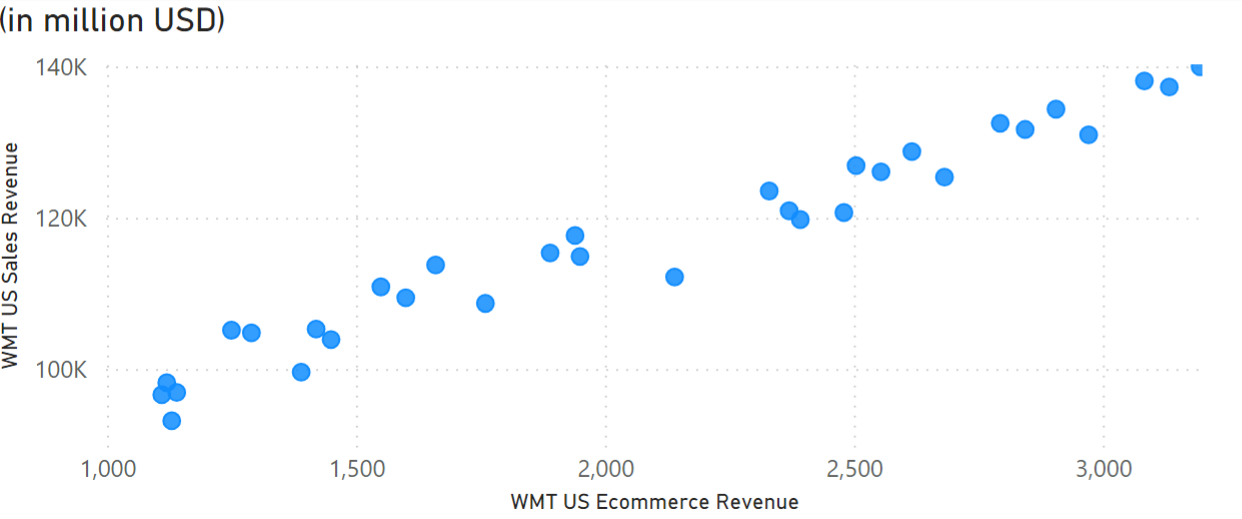- Walmart has the highest growth of Ecommerce revenue and Ecommerce Penetration rate, nearly exceeds Best Buy's declining Ecommerce revenue
- Reflects Walmart takes serious action on expanding its Ecommerce business

Walmart should further strengthen its Ecommerce business to attract customers and sustain long-term Ecommerce growth
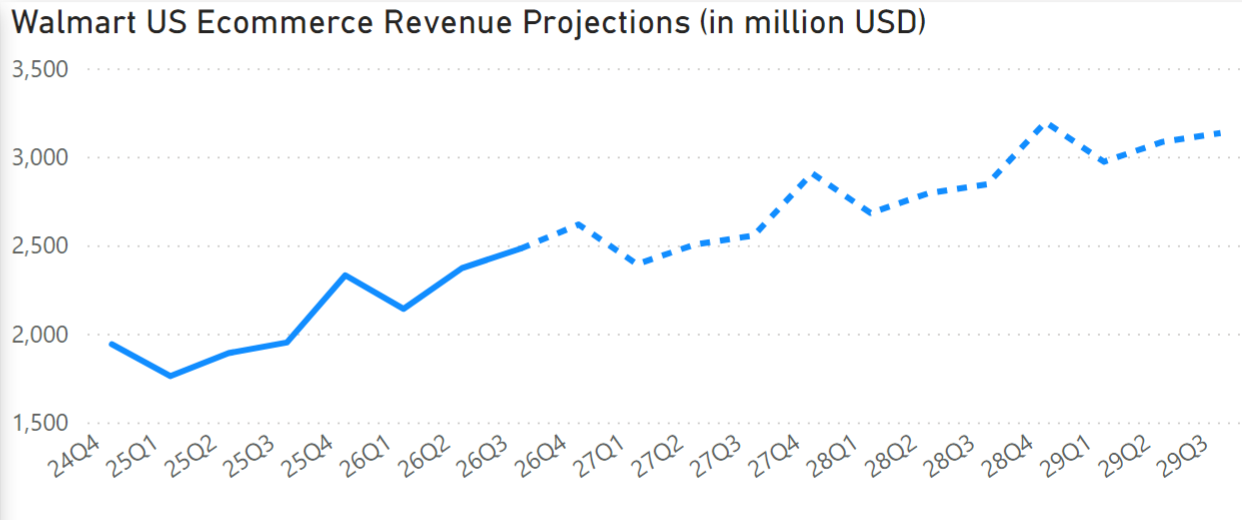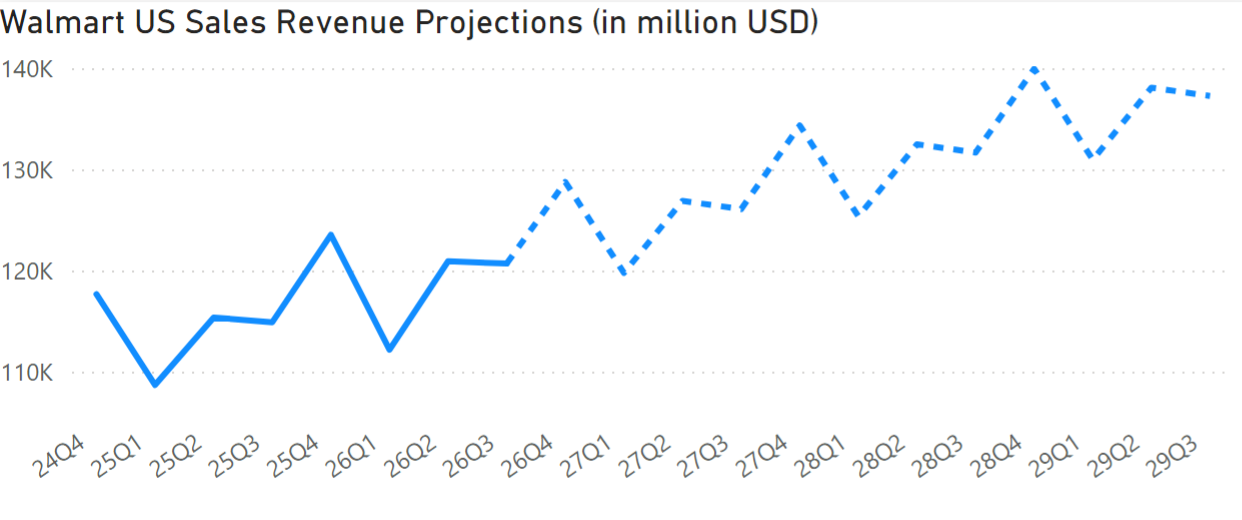
Impact of Sales revenue under different market conditions

Ecommerce expansion drives the growth of Sales Revenue

Net Sales Sensitivity to Ecommerce Penetration and Ad Yield

Columns show Ad Yield Change (%) | Rows show Ecommerce Penetration Change (%)

	-60%	-40%	-20%	0%	20%	40%	60%	80%	100%	120%	140%
-60%	-1.54%	-1.27%	-1.00%	-0.73%	-0.46%	-0.18%	0.09%	0.36%	0.63%	0.90%	1.18%
-40%	-1.30%	-1.03%	-0.76%	-0.49%	-0.21%	0.06%	0.33%	0.60%	0.87%	1.15%	1.42%
-20%	-1.06%	-0.79%	-0.51%	-0.24%	0.03%	0.30%	0.57%	0.85%	1.12%	1.39%	1.66%
0%	-0.82%	-0.54%	-0.27%	0.00%	0.27%	0.54%	0.82%	1.09%	1.36%	1.63%	1.90%
20%	-0.57%	-0.30%	-0.03%	0.24%	0.51%	0.79%	1.06%	1.33%	1.60%	1.87%	2.15%
40%	-0.33%	-0.06%	0.21%	0.49%	0.76%	1.03%	1.30%	1.57%	1.84%	2.12%	2.39%
60%	-0.09%	0.18%	0.46%	0.73%	1.00%	1.27%	1.54%	1.82%	2.09%	2.36%	2.63%
80%	0.15%	0.43%	0.70%	0.97%	1.24%	1.51%	1.79%	2.06%	2.33%	2.60%	2.87%
100%	0.40%	0.67%	0.94%	1.21%	1.48%	1.76%	2.03%	2.30%	2.57%	2.84%	3.12%
120%	0.64%	0.91%	1.18%	1.46%	1.73%	2.00%	2.27%	2.54%	2.82%	3.09%	3.36%
140%	0.88%	1.15%	1.43%	1.70%	1.97%	2.24%	2.51%	2.79%	3.06%	3.33%	3.60%

Year

[2026 ▾]

Estimated Ad Yield of WMT in 2026 increases 43%
Estimated Ecommerce Penetration Rate of WMT in 2026 increases 21%

- If Ad Yield and Ecommerce Penetration double in 2027, Sales revenue is estimated to rise by 2.57%

- As global ecommerce market keeps expanding, Sales revenue growth is expected to strengthen in the coming years

Low risk on ecommerce market expansion

Scenario Comparison on Revenue and Growth Drivers

Projected Net Sales, Ecommerce Revenue and Advertisment Revenue in 2027 is used in Base Case

	Best Case	Base Case	Worst Case
WMT US Net Sales (in million USD)	$515,324.40	$507,038.40	$502,895.40
Regulation impact to Net Sales	0%	0%	-10%
Traffic Growth Difference (Compare with Base Case)	40%	0%	-20%
Ecommerce Revenue (in million USD)	$18,643.50	$10,357.50	$6,214.50
Ecommerce Growth Difference (Compare with Base Case)	40%	0%	-20%
Advertisment Revenue (in million USD)	$12,320.00	$8,800.00	$6,160.00
Ad Revenue Growth Difference (Compare with Base Case)	40%	0%	-20%

- When there is a downturn in Ecommerce market, the impact is limited to approximately $5B in Sales revenue

- Potential regulatory restrictions on advertising can also affect Sales revenue of Walmart

- Robust Risk Management practice should be adopted to mitigate the loss when implementing Ecommerce expansion policies

Walmart should prepare for the worst scenario when pursuing Ecommerce market expansion strategy to reduce the risk

Recommendations: Expand Ecommerce Market while mitigating risk

Development of Ecommerce Market

- Expand ecommerce market to capture the increasing demand

- Optimize the cost discipline to raise margins and shareholder value

- Improve the liability control to improve the debt risk and efficiency

- Invest in relevant emerging technologies to attract new customers and retain the original customers

Risk adverse and Mitigation of Ecommerce Market

- Prepare for the worst scenario (estimated $5B loss of revenue) when pursuing Ecommerce market expansion strategy

- Anticipate potential regulatory restrictions on ecommerce advertising

- Mitigate the risk of rapid ecommerce expansion

- Adopt risk management practices to maintain a stable revenue growth

Proper Risk Management is critical for Walmart to stand out in retail industry

Thank You

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24 January 2026

Access the full dataset, Power BI
dashboard, and Python scripts via
GitHub — scan the QR code.

Appendix

Data source

- Wharton Research Data Services (WRDS) (FY2016-2025)
- 10-Q and 10-K Report of Walmart, Target and Best Buy (Q4 FY2021-Q3 FY2026)
- Earnings Release of Walmart (Q4 FY2021-Q3 FY2026)
- Financial Presentation of Walmart (Q4 FY2021-Q3 FY2026)

Assumptions and Next Steps

- Projections assume linear growth patterns
- Financial performance assume continuation of post-pandemic recission
- **Future Study:** Employ more advanced regression and predictive models
- **Future Study:** Integrate external macro-factors variables like CPI to provide a comprehensive analysis

Methodology

- Linear Regression
  - Walmart US Sales Revenue, Walmart US Ecommerce Revenue
- Time-series linear regression
  - Walmart US Sales Revenue, Walmart US Ecommerce Revenue
  - Q4 FY2021-Q3 FY2026, projected up to Q3 FY2029
- Descriptive statistics and visualisations
- Sensitivity Analysis
  - Ecommerce penetration, Ad Revenue yield
- Scenario Analysis (Based on projected FY2027 assumptions)
- Tools used: Excel, Power BI, Python (Pandas, XlsxWriter, Scikit-learn, Statsmodels)

Linear Regression Results

Walmart US Sales revenue = 77767.1 + (18.7 × Walmart US Ecommerce revenue)

Predictor	Coefficient	P-value	95% Confidence Inteveral_low	95% Confidence Inteveral_high	R-square
const	77767.108	0	71557.733	83976.483	
Walmart US Ecommerce revenue	18.684	0	15.04	22.329	
					86.571%

Walmart US Sales revenue = 88967.8 + (1399.3 * Time index) + (5726.5 * Q2 dummy variable) + (3511.6 * Q3 dummy variable) + (10393.1 * Q4 dummy variable)

Predictor	Coefficient	P-value	95% Confidence Inteveral_low	95% Confidence Inteveral_high	R-square
const	88967.813	0	87570.099	90365.526	
Time index	1399.319	0	1306.753	1491.885	
Q2 dummy variable	5726.481	0	4242.538	7210.425	
Q3 dummy variable	3511.562	0	2018.983	5004.142	
Q4 dummy variable	10393.119	0	8909.175	11877.062	
					98.793%

Walmart US Ecommerce revenue = 800.3 + (72.4 * Time index) + (39.6 * Q2 dummy variable) + (17.3 * Q3 dummy variable) + (296.4 * Q4 dummy variable)

Predictor	Coefficient	P-value	95% Confidence Inteveral_low	95% Confidence Inteveral_high	R-square
const	800.25	0	642.024	958.476	
Time index	72.375	0	61.896	82.854	
Q2 dummy variable	39.625	0.622	-128.363	207.613	
Q3 dummy variable	17.25	0.831	-151.716	186.216	
Q4 dummy variable	296.375	0.002	128.387	464.363	
					93.761%

Note: Quarter dummies coded as 1 if quarter = Q2/Q3/Q4, else 0 ; Time index = sequential quarter count (Q4 2021 = 1, Q1 20222 = 2, …), captures trend over time