

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 18, 2020

Walmart Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or
organization)

001-06991
(Commission File Number)

71-0415188
(I.R.S. Employer Identification No.)

702 S.W. 8th Street
Bentonville, AR 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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.10 per share	WMT	New York Stock Exchange
1.900% Notes Due 2022	WMT22	New York Stock Exchange
2.550% Notes Due 2026	WMT26	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

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"), Walmart Inc., a Delaware corporation (the "Company"), is furnishing to the SEC a press release that the Company will issue on February 18, 2020 (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 18, 2020 (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, 2020, and the Company's financial condition as of January 31, 2020.

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 Item 2.02 of 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.

(d) Exhibits

The following documents are furnished as exhibits to this Current Report on Form 8-K:

- 99.1 [Press Release](#)
 - 99.2 [Financial Presentation](#)
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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 18, 2020

WALMART INC.

By: /s/ M. Brett Biggs

Name: M. Brett Biggs

Title: Executive Vice President and
Chief Financial Officer



**Walmart U.S. Q4 comp sales¹ grew 1.9% and Walmart U.S. eCommerce sales grew 35%,
Q4 FY20 GAAP EPS of \$1.45; Adjusted EPS² of \$1.38,
Disruption in Chile and a legal matter lowered GAAP and Adjusted EPS by about \$0.05,
Fiscal year 2020 GAAP EPS of \$5.19; Adjusted EPS² of \$4.93,
FY21 guidance includes net sales growth of about 3%; U.S. comp sales growth of at least 2.5%; U.S. eCommerce net sales
growth of about 30%; EPS of \$5.00 to \$5.15**

Fourth-quarter highlights

- ✱ Total revenue was \$141.7 billion, an increase of \$2.9 billion, or 2.1%.
- ✱ Walmart U.S. comp sales¹ increased on a two-year stacked basis by 6.0% with continued strength in food and consumables.
- ✱ Walmart U.S. eCommerce had strong growth in grocery pickup and delivery, and walmart.com had its highest quarterly growth rate of the year.
- ✱ Sam's Club comp sales¹ increased 0.8%, and eCommerce sales grew 33%. Reduced tobacco sales negatively affected comp sales by approximately 300 basis points.
- ✱ Net sales at Walmart International were \$33.0 billion, an increase of 2.3%. Disruption in Chile negatively affected operating income by approximately \$110 million.
- ✱ Adjusted EPS² excludes the effects of four items:
 - An unrealized gain of \$0.26, net of tax, on the company's equity investment in JD.com
 - A charge of \$0.15, net of tax, related to business restructurings
 - A tax benefit of \$0.11 related to a reduction in corporate income tax rates in India
 - A charge of \$0.15 related to certain income tax matters

"We thank our associates for another good year. In Q4, we saw strong performance in the U.S. with eCommerce and Sam's Club plus strength in Mexico, India and China. We started and finished the quarter with momentum, while sales leading up to Christmas in our U.S. stores were a little softer than expected. The new year has started off well, and we look forward to another strong year. We remain focused on providing our customers with the best omnichannel experience from any retailer."

Doug McMillon
President and CEO, Walmart

Fiscal 2020 highlights

- ✱ Total revenue was \$524.0 billion, an increase of \$9.6 billion, or 1.9%. Excluding currency², total revenue was \$528.1 billion, an increase of \$13.7 billion, or 2.7%.
- ✱ Walmart U.S. comp sales¹ increased 2.8% and 6.4% on a two-year stacked basis.
- ✱ Walmart U.S. eCommerce sales grew 37%. Net Promoter Score and the Customer Value Index improved.
- ✱ Sam's Club comp sales¹ increased 0.7%. Reduced tobacco sales negatively affected comp sales by approximately 310 basis points. Membership trends were strong.
- ✱ International net sales increased 2.8% in constant currency² with strength in Mexico, China and India.
- ✱ The company generated \$25.3 billion in operating cash flow and returned \$11.8 billion to shareholders through dividends and share repurchases.

The company will host its meeting for the investment community today at 8 a.m. EST. The event will be webcast and can be viewed at the following link: <https://corporate.walmart.com/newsroom/events/2020-investment-community-meeting>

¹ The retail sales calendar for the year ended January 31, 2020 included 53 weeks. As such, fiscal year 2020 comparable store sales are for the 14-week period and 53-week period ended January 31, 2020, and excludes fuel. For comparability, prior year comparable store sales were revised to reflect the 14-week and 53-week periods ended February 1, 2019 instead of the previously reported 13-week and 52 week periods ended January 25, 2019.


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

Brett Biggs, Chief Financial Officer of Walmart Inc., said: “The fourth quarter started and ended strong with solid sales growth through Cyber Monday and in January. In the few weeks before Christmas, we experienced some softness in a few general merchandise categories in our U.S. stores. However, Walmart U.S. grocery sales and eCommerce sales were strong throughout the quarter. Sam’s Club performed well, including solid results in eCommerce. We experienced softness in some key international markets, as well as in Chile, where unrest led to disruption in the majority of our stores. Walmex, China and Flipkart all had a solid quarter.

The holiday season delivered positive transaction growth and underlying expense leverage was strong for the quarter. However, it wasn’t as good as expected due to lower sales volumes and some pressure related to associate scheduling. We understand the factors that affected our results and are developing plans to address them. We remain confident in our business strategy and our ability to deliver value and convenience for our customers through an integrated omnichannel offering across the globe.”

Key results

(Amounts in billions, except as noted. Dollar and percentage changes may not recalculate due to rounding.)

Walmart 	Q4 FY20	Q4 FY19	Change		FY20	FY19	Change	
Revenue	\$141.7	\$138.8	\$2.9	2.1%	\$524.0	\$514.4	\$9.6	1.9%
Revenue (constant currency) ¹	\$141.7	\$138.8	\$2.9	2.1%	\$528.1	\$514.4	\$13.7	2.7%
Operating income	\$5.3	\$6.1	-\$0.7	-12.3%	\$20.6	\$22.0	-\$1.4	-6.3%
Operating income (constant currency) ¹	\$5.3	\$6.1	-\$0.8	-12.7%	\$20.7	\$22.0	-\$1.3	-5.8%
Adjusted operating income (constant currency) ¹	\$5.8	\$6.1	-\$0.3	-3.7%	\$21.5	\$22.0	-\$0.5	-1.9%

(Amounts in billions, except as noted. Dollar and percentage changes may not recalculate due to rounding.)

Free Cash Flow¹	YTD FY20	\$ Change	Returns to Shareholders	YTD FY20	% Change
Operating cash flow	\$25.3	-\$2.5	Dividends	\$6.0	-0.9%
Capital expenditures	\$10.7	\$0.4	Share repurchases ²	\$5.7	-22.8%
Free cash flow¹	\$14.6	-\$2.9	Total	\$11.8	-12.9%

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

² \$5.7 billion remaining of \$20 billion authorization approved in October 2017. The company repurchased approximately 54 million shares in fiscal 2020.

Fiscal 2021 full year guidance

The following guidance reflects the company's expectations for fiscal year 2021. Assumptions in the guidance include that economic conditions, currency rates and the tax and regulatory landscape remain generally consistent. The company continues to monitor the events in Chile and the Coronavirus outbreak and has not included any potential financial effects in its assumptions. Additionally, the guidance assumes no further change in fair value of the Company's equity investment in JD.com.

Metric	FY21 Guidance
Consolidated net sales growth	Around 3% in constant currency
Comp sales growth	<ul style="list-style-type: none"> Walmart U.S.: at least +2.5%, excluding fuel Sam's Club: minus 50 basis points, excluding fuel, and at least +3.0%, excluding fuel and tobacco
Walmart U.S. eCommerce net sales growth	Around 30%
Walmart International net sales growth	Around 4% in constant currency
Consolidated expense leverage ¹	Around 20 basis points
Consolidated operating income ²	Similar to EPS growth with Walmart U.S. operating income growth near the upper-end of the growth rate range
Effective tax rate	25% to 26%
EPS ³	\$5.00 to \$5.15, up 1.5% to 4.5% compared with FY20 adjusted EPS
Capital expenditures	Around \$11 billion with a focus on store remodels, customer initiatives, eCommerce, technology and supply chain





¹ Expense leverage to be around 40 basis points as compared with fiscal 2020 reported results.


² The fiscal 2021 Walmart U.S. and consolidated operating income growth is expected to be higher when compared to fiscal 2020 reported operating income.





³ Fiscal 2021 EPS expected to decline about 1% to 4% as compared with fiscal 2020 GAAP EPS primarily as a result of the fair value change in the Company's equity investment in JD.com recorded in fiscal 2020.

Segment results

(Amounts in billions, except as noted. Dollar and percentage changes may not recalculate due to rounding.)

 Walmart U.S.	Q4 FY20	Q4 FY19	Change		FY20	FY19	Change	
Net sales	\$92.3	\$90.5	\$1.8	1.9%	\$341.0	\$331.7	\$9.3	2.8%
Comp sales (ex. fuel) ^{1,2}	1.9%	4.1%	NP	NP	2.8%	3.6%	NP	NP
 Transactions ²	1.0%	1.5%	NP	NP	NP	NP	NP	NP
 Ticket ²	0.9%	2.6%	NP	NP	NP	NP	NP	NP
 eCommerce	~210 bps	~180 bps	NP	NP	NP	NP	NP	NP
Operating income	\$4.4	\$5.0	-\$0.6	-12.7%	\$17.4	\$17.4	\$—	—%
Adjusted operating income ³	\$4.9	\$5.0	-\$0.2	-3.8%	\$17.8	\$17.4	\$0.4	2.6%

 Walmart International	Q4 FY20	Q4 FY19	Change		FY20	FY19	Change	
Net sales	\$33.0	\$32.3	\$0.7	2.3%	\$120.1	\$120.8	\$(0.7)	-0.6%
Net sales (constant currency) ³	\$33.0	\$32.3	\$0.7	2.2%	\$124.3	\$120.8	\$3.4	2.8%
Operating income	\$1.1	\$1.2	-\$0.1	-5.6%	\$3.4	\$4.9	\$(1.5)	-31.0%
Operating income (constant currency) ³	\$1.1	\$1.2	-\$0.1	-7.7%	\$3.5	\$4.9	\$(1.4)	-28.5%
Adjusted operating income (constant currency) ³	\$1.2	\$1.2	\$0.0	0.4%	\$3.9	\$4.9	\$(1.0)	-20.5%

 Sam's Club	Q4 FY20	Q4 FY19	Change		FY20	FY19	Change	
Net sales	\$15.3	\$14.9	\$0.4	2.6%	\$58.8	\$57.8	\$1.0	1.6%
Comp sales (ex. fuel) ²	0.8%	3.4%	NP	NP	0.7%	3.8%	NP	NP
 Transactions	4.3%	6.3%	NP	NP	NP	NP	NP	NP
 Ticket	-3.5%	-2.9%	NP	NP	NP	NP	NP	NP
 eCommerce	~200 bps	~110 bps	NP	NP	NP	NP	NP	NP
Operating income ⁴	\$0.4	\$0.4	\$0.0	-7.2%	\$1.6	\$1.5	\$0.1	8.0%

¹ Beginning with the first quarter of FY20, we updated our definition of traffic as a component of comparable sales to be all sales transactions in our stores as well as for eCommerce. Traffic is now called transactions. For comparability, we revised this metric for FY19 and have provided a quarterly summary on our website at <http://www.stock.walmart.com>. In connection with the updated definition, we also revised our methodology for calculating customer and member weekly visits. As of January 31, 2019, our revised count was over 260 million weekly visits as compared to over 275 million weekly visits previously disclosed.

² The retail sales calendar for the year ended January 31, 2020 included 53 weeks. As such, fiscal year 2020 comparable store sales are for the 14-week period and 53-week period ended January 31, 2020, and excludes fuel. For comparability, prior year comparable store sales were revised to reflect the 14-week and 53-week periods ended February 1, 2019 instead of the previously reported 13-week and 52 week periods ended January 25, 2019.

³ See additional information at the end of this release regarding non-GAAP financial measures.

⁴ There were no adjustments to operating income for Sam's Club.

NP - Not provided

Additional highlights for fiscal year 2020

- Appointed John Furner as new President and CEO, Walmart. U.S.
- Appointed Kath McLay as new President and CEO, Sam's Club
- Appointed Suresh Kumar as new Chief Technology Officer and Chief Development Officer
- Announced the appointment of Donna Morris as new Chief People Officer
- Launched free NextDay delivery from Walmart.com
- Walmart U.S. ended the year with nearly 3,200 grocery pickup locations and more than 1,600 delivery locations
- Launched Delivery Unlimited, a grocery delivery membership option
- Launched Walmart InHome Delivery to help customers save time by having their fresh groceries and everyday essentials delivered directly into their homes
- Introduced Walmart Voice Order to make basket building for online grocery orders even easier
- Announced new pilot with autonomous vehicle company, Nuro, for grocery delivery
- Announced participation in the USDA's SNAP online purchasing pilot
- Announced the creation of a new Angus beef supply chain to service 500 U.S. stores
- Announced a case-ready facility as part of the company's new Angus beef supply chain
- Relaunched fashion boutique 'Scoop' as exclusive brand on Walmart.com
- Launched exclusive line of denim on Walmart.com with Sofia Vergara
- Launched exclusive MoDRN brand in the Home category
- Launched exclusive Hello Bello brand in the Baby category with Kristen Bell and Dax Shepard
- Launched exclusive Flower brand in the Home category on Walmart.com with Drew Barrymore
- Launched new personalized baby registry on Walmart.com
- Introduced first online pet pharmacy, Walmartpetrx.com
- Launched Evolution_18, a health & wellness line from Bobbi Brown, in stores and online
- Announced partnership with KIDBOX to deliver personalized kids fashion through Walmart.com
- Announced new wireless experience online and in stores making it easier for customers to upgrade their mobile device
- Launched shoppable recipes with BuzzFeed's Tasty app, a first-of-its-kind feature where customers add recipe ingredients directly to online grocery cart for pickup or delivery
- Launched new intelligent Retail Lab in a live shopping environment to help unlock the possibilities of Artificial Intelligence
- Acquired natural language processing startup, Aspectiva
- Acquired assets of Polymorph Labs to expand in-house advertising technology
- Launched new Sam's Garage app nationwide at Sam's Club
- Launched same-day pickup nationwide at Sam's Club
- Launched Sam's Club Care Accelerator with Humana, a pilot program designed to provide members with quality care on routine preventative and primary care services
- Opened Walmart Health Clinics in Dallas, GA and Calhoun, GA
- Launched Capital One Walmart Rewards credit card program offering 5% cash back at Walmart.com
- Announced an agreement with Green Dot to jointly establish a new fintech accelerator, TailFin Labs, LLC, to develop tech-enabled solutions that seamlessly integrate omnichannel shopping and financial services
- Announced partnership with Affirm to allow customers to make purchases and pay over time at Walmart stores and online
- Announced the launch of PhonePe as a payment option at Walmart's "B2B Cash & Carry" stores in India
- Reported record sales at Flipkart's 'The Big Billion Days' sales event
- Announced the creation of the Walmart Vriddhi Supplier Development Program to train 50,000 Indian small businesses to "Make in India" Launched same-day pickup at all Sam's Club locations in Mexico
- Launched new ordering service through WhatsApp for Superama customers in Mexico
- Opened two new eCommerce fulfillment centers in Mexico
- Opened first distribution center in Walmart International with omnichannel management systems in Chile
- Launched grocery pickup and delivery in Montreal through a partnership with Foodora and expanded partnership with Instacart to communities across Canada
- Opened next generation Sam's Club in Shanghai

- Launched new Walmart Daojia delivery app in China
- Announced plans to invest \$1.2 billion to upgrade logistics network in China
- Launched blockchain traceability platform for Walmart China
- Announced new collaboration with other major companies as part of the FDA's program to evaluate the use of blockchain to protect pharmaceutical product integrity
- Received The Carbon Disclosure Projects prestigious 'A List' rating for climate change
- Walmart and U.S. Solar announce agreement for 36 community solar gardens
- Electrify America and Walmart announce completion of more than 120 car charging stations at Walmart stores nationwide
- Walmart Transportation received 2019 SMARTWAY Excellence Award from EPA for environmental performance and leadership
- Announced that all coffee sourced for Walmart U.S. private brands is certified sustainable through third-party groups Fair Trade, Rainforest Alliance Certified or UTZ
- Launched new reusable shopping bag campaign in U.S. stores
- Announced new plastic packaging waste reduction commitments
- Introduced increased rewards and protected PTO for U.S. associates
- Added education benefit programs with seven bachelor's degrees and two career diplomas in health-related fields through Live Better U, Walmart's education benefits program
- Added 14 tech degrees and certifications to Live Better U college offering
- Expanded debt-free college to high schoolers and created graduation bonuses
- Opened first supply chain training academy in the U.S.
- Launched Fresh Learning Lab at Sam's Club, a hands-on training lab for associates to enhance their skills

About Walmart

Walmart 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 265 million customers and members visit approximately 11,500 stores under 56 banners in 27 countries and eCommerce websites. With fiscal year 2020 revenue of \$524 billion, Walmart employs over 2.2 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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Forward-Looking Statements

This release contains statements as to Walmart management's guidance regarding earnings per share, adjusted earnings per share, consolidated net sales growth, Walmart U.S. eCommerce net sales growth, Walmart International net sales growth, consolidated operating income, capital expenditures, expense leverage, Walmart's effective tax rate for the fiscal year ending January 31, 2021, and comparable sales (excluding fuel) for Walmart U.S. and Sam's Club for the 52 weeks ending January 31, 2021. 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 within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Assumptions on which such forward-looking statements are based are also forward-looking statements. Our actual results may differ materially from those expressed in or implied by any of these forward-looking statements as a result of changes in circumstances, assumptions not being realized or other risks, uncertainties and factors including: economic, capital markets and business conditions; trends and events around the world and in the markets in which we operate; currency exchange rate fluctuations, changes in market interest rates and market levels of wages; changes in the size of various markets, including eCommerce markets; unemployment levels; 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; the effectiveness of the implementation and operation of our strategies, plans, programs and initiatives; unexpected changes in our objectives and plans; the impact of acquisitions, investments, divestitures, store or club closures, and other strategic decisions; our ability to successfully integrate acquired businesses, including within the eCommerce space; changes in the trading prices of certain equity investments we hold; initiatives of competitors, competitors' entry into and expansion in our markets, and competitive pressures; customer traffic and average ticket in our stores and clubs and on our eCommerce websites; the mix of merchandise we sell, the cost of goods we sell and the shrinkage we experience; trends in consumer shopping habits around the world and in the markets in which we operate; our gross profit margins; the financial performance of Walmart and each of its segments, including the amounts of our cash flow during various periods; changes in the credit ratings assigned to our commercial paper and debt securities by credit rating agencies; the amount of our net sales and operating expenses denominated in the U.S. dollar and various foreign currencies; transportation, energy and utility costs; commodity prices and the price of gasoline and diesel fuel; supply chain disruptions and disruptions in seasonal buying patterns; the availability of goods from suppliers and the cost of goods acquired from suppliers; consumer acceptance of and response to our stores, clubs, eCommerce platforms, programs, merchandise offerings and delivery methods; cyber security events affecting us and related costs and impact to the business; developments in, outcomes of, and costs incurred in legal or regulatory proceedings to which we are a party or are subject, and the liabilities, obligations and expenses, if any, that we may incur in connection therewith; casualty and accident-related costs and insurance costs; the turnover in our workforce and labor costs, including healthcare and other benefit costs; consumer enrollment in health and drug insurance programs and such programs' reimbursement rates and drug formularies; our effective tax rate and the factors affecting our 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; changes in existing tax, labor and other laws and regulations and changes in tax rates including the enactment of laws and the adoption and interpretation of administrative rules and regulations; the imposition of new taxes on imports, new tariffs and changes in existing tariff rates; the imposition of new trade restrictions and changes in existing trade restrictions; adoption or creation of new, and modification of existing, governmental policies, programs, initiatives and actions in the markets in which Walmart operates and elsewhere and actions with respect to such policies, programs and initiatives; changes in accounting estimates or judgments; the level of public assistance payments; natural disasters, changes in climate, geopolitical events and catastrophic events; and changes in generally accepted accounting principles in the United States.

Our most recent annual report on Form 10-K and subsequent quarterly reports on Form 10-Q filed with the SEC discuss other risks and factors that could cause actual results to differ materially from those expressed or implied by any forward-looking statement in the presentations. We urge 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 release. Walmart cannot assure you that the results reflected in 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 our operations or financial performance. The forward-looking statements made in the presentation are as of the date of this meeting. Walmart undertakes no obligation to update these forward-looking statements to reflect subsequent events or circumstances.

Walmart Inc.
Condensed Consolidated Statements of Income
(Unaudited)

	Three Months Ended			Fiscal Years Ended		
	January 31,			January 31,		
	2020	2019	Percent Change	2020	2019	Percent Change
<i>(Amounts in millions, except per share data)</i>						
Revenues:						
Net sales	\$ 140,608	\$ 137,743	2.1 %	\$ 519,926	\$ 510,329	1.9 %
Membership and other income	1,063	1,050	1.2 %	4,038	4,076	(0.9)%
Total revenues	141,671	138,793	2.1 %	523,964	514,405	1.9 %
Costs and expenses:						
Cost of sales	107,748	104,907	2.7 %	394,605	385,301	2.4 %
Operating, selling, general and administrative expenses	28,601	27,819	2.8 %	108,791	107,147	1.5 %
Operating income	5,322	6,067	(12.3)%	20,568	21,957	(6.3)%
Interest:						
Debt	569	577	(1.4)%	2,262	1,975	14.5 %
Finance, capital lease and financing obligations	83	92	(9.8)%	337	371	(9.2)%
Interest income	(41)	(64)	(35.9)%	(189)	(217)	(12.9)%
Interest, net	611	605	1.0 %	2,410	2,129	13.2 %
Other (gains) and losses	(962)	(202)	376.2 %	(1,958)	8,368	(123.4)%
Income before income taxes	5,673	5,664	0.2 %	20,116	11,460	75.5 %
Provision for income taxes	1,379	1,851	(25.5)%	4,915	4,281	14.8 %
Consolidated net income	4,294	3,813	12.6 %	15,201	7,179	111.7 %
Consolidated net income attributable to noncontrolling interest	(153)	(126)	21.4 %	(320)	(509)	(37.1)%
Consolidated net income attributable to Walmart	\$ 4,141	\$ 3,687	12.3 %	\$ 14,881	\$ 6,670	123.1 %
Net income per common share:						
Basic net income per common share attributable to Walmart	\$ 1.46	\$ 1.27	15.0 %	\$ 5.22	\$ 2.28	128.9 %
Diluted net income per common share attributable to Walmart	\$ 1.45	\$ 1.27	14.2 %	\$ 5.19	\$ 2.26	129.6 %
Weighted-average common shares outstanding:						
Basic	2,836	2,896		2,850	2,929	
Diluted	2,855	2,914		2,868	2,945	
Dividends declared per common share	\$ —	\$ —		\$ 2.12	\$ 2.08	

Walmart Inc.
Condensed Consolidated Balance Sheets
(Unaudited)

(Amounts in millions)	January 31, 2020	January 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 9,465	\$ 7,722
Receivables, net	6,284	6,283
Inventories	44,435	44,269
Prepaid expenses and other	1,622	3,623
Total current assets	61,806	61,897
Property and equipment, net	105,208	104,317
Operating lease right-of-use assets	17,424	—
Finance lease right-of-use assets, net	4,417	—
Property under capital lease and financing obligations, net	—	7,078
Goodwill	31,073	31,181
Other long-term assets	16,567	14,822
Total assets	\$ 236,495	\$ 219,295
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term borrowings	\$ 575	\$ 5,225
Accounts payable	46,973	47,060
Accrued liabilities	22,296	22,159
Accrued income taxes	280	428
Long-term debt due within one year	5,362	1,876
Operating lease obligations due within one year	1,793	—
Finance lease obligations due within one year	511	—
Capital leases and financing obligations due within one year	—	729
Total current liabilities	77,790	77,477
Long-term debt	43,714	43,520
Long-term operating lease obligations	16,171	—
Long-term finance lease obligations	4,307	—
Long-term capital lease and financing obligations	—	6,683
Deferred income taxes and other	12,961	11,981
Commitments and contingencies		
Equity:		
Common stock	284	288
Capital in excess of par value	3,247	2,965
Retained earnings	83,943	80,785
Accumulated other comprehensive loss	(12,805)	(11,542)
Total Walmart shareholders' equity	74,669	72,496
Noncontrolling interest	6,883	7,138
Total equity	81,552	79,634
Total liabilities and equity	\$ 236,495	\$ 219,295

Note: The Company adopted ASU 2016-02, *Leases (Topic 842)*, and related amendments as of February 1, 2019 under the modified retrospective approach and, therefore, has not revised comparative periods.

Walmart Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Fiscal Years Ended	
	January 31,	
	2020	2019
<i>(Amounts in millions)</i>		
Cash flows from operating activities:		
Consolidated net income	\$ 15,201	\$ 7,179
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Depreciation and amortization	10,987	10,678
Unrealized (gains) and losses	(1,886)	3,516
(Gains) and losses for disposal of business operations	15	4,850
Asda Pension Contribution	(1,036)	—
Deferred income taxes	320	(499)
Other operating activities	1,981	1,734
Changes in certain assets and liabilities, net of effects of acquisitions:		
Receivables, net	154	(368)
Inventories	(300)	(1,311)
Accounts payable	(274)	1,831
Accrued liabilities	186	183
Accrued income taxes	(93)	(40)
Net cash provided by operating activities	25,255	27,753
Cash flows from investing activities:		
Payments for property and equipment	(10,705)	(10,344)
Proceeds from the disposal of property and equipment	321	519
Proceeds from disposal of certain operations	833	876
Payments for business acquisitions, net of cash acquired	(56)	(14,656)
Other investing activities	479	(431)
Net cash used in investing activities	(9,128)	(24,036)
Cash flows from financing activities:		
Net change in short-term borrowings	(4,656)	(53)
Proceeds from issuance of long-term debt	5,492	15,872
Repayments of long-term debt	(1,907)	(3,784)
Dividends paid	(6,048)	(6,102)
Purchase of Company stock	(5,717)	(7,410)
Dividends paid to noncontrolling interest	(555)	(431)
Other financing activities	(908)	(629)
Net cash used in financing activities	(14,299)	(2,537)
Effect of exchange rates on cash, cash equivalents and restricted cash	(69)	(438)
Net increase in cash, cash equivalents and restricted cash	1,759	742
Cash, cash equivalents and restricted cash at beginning of year	7,756	7,014
Cash, cash equivalents and restricted cash at end of year	\$ 9,515	\$ 7,756

Walmart 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)	2020	2019	Percent Change	2020	2019	Percent Change
Walmart U.S.	\$ 92,271	\$ 90,520	1.9%	\$ 4,403	\$ 5,043	-12.7%
Walmart International	33,049	32,317	2.3%	1,105	1,170	-5.6%
Sam's Club	15,288	14,906	2.6%	384	414	-7.2%
Corporate and support	—	—	N/A	(570)	(560)	1.8%
Consolidated	\$ 140,608	\$ 137,743	2.1%	\$ 5,322	\$ 6,067	-12.3%

	Net Sales			Operating Income		
	Fiscal Years Ended			Fiscal Years Ended		
	January 31,			January 31,		
(dollars in millions)	2020	2019	Percent Change	2020	2019	Percent Change
Walmart U.S.	\$ 341,004	\$ 331,666	2.8%	\$ 17,380	\$ 17,386	—%
Walmart International	120,130	120,824	-0.6%	3,370	4,883	-31.0%
Sam's Club	58,792	57,839	1.6%	1,642	1,520	8.0%
Corporate and support	—	—	N/A	(1,824)	(1,832)	-0.4%
Consolidated	\$ 519,926	\$ 510,329	1.9%	\$ 20,568	\$ 21,957	-6.3%

U.S. comparable sales results¹

	With Fuel		Without Fuel		Fuel Impact	
	14 Weeks Ended		14 Weeks Ended		14 Weeks Ended	
	1/31/2020	2/1/2019	1/31/2020	2/1/2019	1/31/2020	2/1/2019
Walmart U.S.	2.0%	4.2%	1.9%	4.1%	0.1%	0.1%
Sam's Club	2.2%	3.7%	0.8%	3.4%	1.4%	0.3%
Total U.S.	2.0%	4.1%	1.8%	4.0%	0.2%	0.1%

	With Fuel		Without Fuel		Fuel Impact	
	53 Weeks Ended		53 Weeks Ended		53 Weeks Ended	
	1/31/2020	2/1/2019	1/31/2020	2/1/2019	1/31/2020	2/1/2019
Walmart U.S.	2.8%	3.7%	2.8%	3.6%	0.0%	0.1%
Sam's Club	1.5%	5.4%	0.7%	3.8%	0.8%	1.6%
Total U.S.	2.6%	3.9%	2.5%	3.6%	0.1%	0.3%

Comparable sales is a metric that indicates the performance of our existing stores and clubs and it is important to review in conjunction with the Company's financial results reported in accordance with GAAP. Comparable sales excluding fuel is also an important, separate metric that indicates the performance of our existing stores and clubs without considering fuel, which is volatile and unpredictable. Other companies in our industry may calculate comparable sales differently, limiting the comparability of the metric.

¹ The retail sales calendar for the year ended January 31, 2020 included 53 weeks. As such, fiscal year 2020 comparable store sales are for the 14-week period and 53-week period ended January 31, 2020, and excludes fuel. For comparability, prior year comparable store sales were revised to reflect the 14-week and 53-week periods ended February 1, 2019 instead of the previously reported 13-week and 52 week periods ended January 25, 2019.

Walmart 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.

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 countries where the functional currency is not the U.S. dollar into U.S. dollars or for countries experiencing hyperinflation. 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. Additionally, no currency exchange rate fluctuations are calculated for non-USD acquisitions until owned for 12 months.

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. 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.

The table below reflects the calculation of constant currency for total revenues, net sales and operating income for the three months and fiscal year ended January 31, 2020.

	Three Months Ended January 31,				Fiscal Year Ended January 31,			
	Walmart International		Consolidated		Walmart International		Consolidated	
	2020	Percent Change ¹	2020	Percent Change ¹	2020	Percent Change ¹	2020	Percent Change ¹
<i>(Dollars in millions)</i>								
Total revenues:								
As reported	\$ 33,426	2.4 %	\$ 141,671	2.1 %	\$ 121,432	-0.6 %	\$ 523,964	1.9 %
Currency exchange rate fluctuations	-13	N/A	-13	N/A	4,169	N/A	4,169	N/A
Constant currency total revenues	\$ 33,413	2.3 %	\$ 141,658	2.1 %	\$ 125,601	2.8 %	\$ 528,133	2.7 %
Net sales:								
As reported	\$ 33,049	2.3 %	\$ 140,608	2.1 %	\$ 120,130	-0.6 %	\$ 519,926	1.9 %
Currency exchange rate fluctuations	-12	N/A	-12	N/A	4,137	N/A	4,137	N/A
Constant currency net sales	\$ 33,037	2.2 %	\$ 140,596	2.1 %	\$ 124,267	2.8 %	\$ 524,063	2.7 %
Operating income:								
As reported	\$ 1,105	-5.6 %	\$ 5,322	-12.3 %	\$ 3,370	-31.0 %	\$ 20,568	-6.3 %
Currency exchange rate fluctuations	-25	N/A	-25	N/A	120	N/A	120	N/A
Constant currency operating income	\$ 1,080	-7.7 %	\$ 5,297	-12.7 %	\$ 3,490	-28.5 %	\$ 20,688	-5.8 %

¹ Change versus prior year comparable period.

Adjusted operating income

Adjusted operating income is considered a non-GAAP financial measure under the SEC's rules because it excludes certain charges included in operating income calculated in accordance with GAAP. Management believes that adjusted operating income is a meaningful measure to share with investors because it best allows comparison of the performance with that of the comparable period. In addition, adjusted operating income affords investors a view of what management considers Walmart's core earnings performance and the ability to make a more informed assessment of such core earnings performance as compared with that of the prior year.

When we refer to adjusted operating income in constant currency this means adjusted operating results without the impact of the currency exchange rate fluctuations. 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. The tables below reflect the calculation of adjusted operating income and adjusted operating income in constant currency for the three months and fiscal year ended January 31, 2020.

	Three months ended January 31,					
	2020	Percent Change ¹	2020	Percent Change ¹	2020	Percent Change ¹
(Dollars in millions)	Walmart US		Walmart International		Consolidated	
Operating income:						
Operating income, as reported	\$ 4,403	(12.7)%	\$ 1,105	(5.6)%	\$ 5,322	(12.3)%
Business restructuring charges ²	450		96		546	
Adjusted operating income	4,853	(3.8)%	1,201	2.6 %	5,868	(3.3)%
Currency exchange rate fluctuations	N/A	N/A	(26)	N/A	(26)	N/A
Adjusted operating income, constant currency	\$ 4,853	(3.8)%	\$ 1,175	0.4 %	\$ 5,842	(3.7)%

	Fiscal year ended January 31,					
	2020	Percent Change ¹	2020	Percent Change ¹	2020	Percent Change ¹
(Dollars in millions)	Walmart US		Walmart International		Consolidated	
Operating income:						
Operating income, as reported	\$ 17,380	0.0%	\$ 3,370	(31.0)%	\$ 20,568	(6.3)%
Business restructuring charges ²	450	N/A	389	N/A	839	N/A
Adjusted operating income	17,830	2.6%	3,759	(23.0)%	21,407	(2.5)%
Currency exchange rate fluctuations	N/A	N/A	124	N/A	124	N/A
Adjusted operating income, constant currency	\$ 17,830	2.6%	\$ 3,883	(20.5)%	\$ 21,531	(1.9)%

¹ Change versus prior year comparable period.

² Business restructuring charges primarily consists of (1) \$399 million of non-cash impairment charges for certain trade names, acquired developed technology and property and equipment due to strategic business decisions that resulted in the write down of certain eCommerce assets in Walmart U.S. and \$51 million in related severance costs; and (2) \$96 million of non-cash impairment charges related to strategic business decisions that resulted in the write down of certain assets in Walmart International. Additionally, for the fiscal year ended January 31, 2020, business restructuring charges includes \$293 million in non-cash impairment charges in Q3 for the Jabong.com trade name.

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. We had net cash provided by operating activities of \$25.3 billion for the fiscal year ended January 31, 2020, which decreased when compared to \$27.8 billion for the fiscal year ended January 31, 2019 primarily due to the contribution to our Asda pension plan in anticipation of its future settlement, the inclusion of a full year of Flipkart operations, and the timing of vendor payments. We generated free cash flow of \$14.6 billion for the fiscal year ended January 31, 2020, which decreased when compared to \$17.4 billion for the fiscal year ended January 31, 2019 due to the same reasons as the decline in net cash provided by operating activities, as well as \$0.4 billion in increased capital expenditures.

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,	
	2020	2019
<i>(Dollars in millions)</i>		
Net cash provided by operating activities	\$ 25,255	\$ 27,753
Payments for property and equipment (capital expenditures)	(10,705)	(10,344)
Free cash flow	\$ 14,550	\$ 17,409
Net cash used in investing activities ¹	\$ (9,128)	\$ (24,036)
Net cash used in financing activities	(14,299)	(2,537)

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

Adjusted EPS

Adjusted diluted earnings per share attributable to Walmart (Adjusted EPS) is considered a non-GAAP financial measure under the SEC's rules because it excludes certain amounts included in the diluted earnings per share attributable to Walmart calculated in accordance with GAAP (EPS), the most directly comparable financial measure calculated in accordance with GAAP. Management believes that Adjusted EPS is a meaningful measure to share with investors because it best allows comparison of the performance with that of the comparable period. In addition, Adjusted EPS affords investors a view of what management considers Walmart's core earnings performance and the ability to make a more informed assessment of such core earnings performance with that of the prior year.

We adjust for the unrealized gains and losses on the company's equity investment in JD.com each quarter because although the Company's investment in JD.com was a strategic decision for the company's retail operations in China, management's measurement of that strategy is primarily focused on the Walmart China financial results rather than the investment value of JD.com. Additionally, management does not forecast changes in fair value of its equity investments. Accordingly, management adjusts EPS each quarter for the unrealized JD.com investment gains and losses each quarter.

We have calculated Adjusted EPS for the three months and fiscal year ended January 31, 2020 by adjusting EPS for the following: (1) unrealized gains and losses on the company's equity investment in JD.com; (2) a tax benefit on the revaluation of deferred tax liabilities as a result of an income tax rate reduction in India; (3) certain income tax matters; (4) certain business restructuring charges which primarily includes non-cash impairment charges on certain trade names and other long-lived assets.

Three Months Ended January 31, 2020				
Diluted earnings per share:				
Reported EPS				\$ 1.45
Adjustments:	Pre-Tax Impact	Tax Impact^{1,5}	NCI Impact²	Net Impact
Unrealized (gains) and losses on JD.com investment	\$ (0.33)	\$ 0.07	\$ —	\$ (0.26)
Business restructuring charges ⁴	0.20	(0.05)	—	0.15
Tax benefit from income tax rate reduction in India	—	(0.14)	0.03	(0.11)
Certain income tax matters ³	0.01	0.14	—	0.15
Net adjustments				\$ (0.07)
Adjusted EPS				\$ 1.38

Fiscal Year Ended January 31, 2020 ⁶				
Diluted earnings per share:				
Reported EPS				\$ 5.19
Adjustments:	Pre-Tax Impact	Tax Impact^{1,5}	NCI Impact²	Net Impact
Unrealized (gains) and losses on JD.com investment	\$ (0.65)	\$ 0.14	\$ —	\$ (0.51)
Business restructuring charges ⁴	0.30	(0.08)	(0.01)	\$ 0.21
Tax benefit from rate reduction in India	—	(0.14)	0.03	(0.11)
Certain income tax matters ³	0.01	0.14	—	\$ 0.15
Net adjustments				\$ (0.26)
Adjusted EPS				\$ 4.93

¹ Calculated based on nature of item, including any realizable deductions, and statutory rate in effect for relevant jurisdictions.

² Calculated based on the ownership percentages of our noncontrolling interests.

³ Represents a charge related to certain income tax matters and accrued interest unrelated to current period operations.

⁴ Business restructuring charges primarily consists of non-cash impairment charges for certain trade names, acquired developed technology, and property and equipment due to decisions that resulted in the write-off of certain assets in Walmart U.S. and Walmart International. Additionally, for the fiscal year ended January 31, 2020, business restructuring charges includes non-cash impairment charges on the Jabong.com trade name in Q3.

⁵ The reported effective tax rate was 24.3% and 24.4% for the three months and fiscal year ended January 31, 2020, respectively. When adjusted for the above items, the effective tax rate was 24.7% for both the three months and fiscal year ended January 31, 2020.

⁶ Quarterly adjustments or adjusted EPS may not sum to YTD adjustments or YTD adjusted EPS due to rounding.

As previously disclosed in our fiscal year ended January 31, 2019 press release, we have calculated Adjusted EPS for the three months and fiscal year ended January 31, 2019 by adjusting EPS for the following: (1) for the fiscal year ended January 31, 2019 only, the loss on sale of the majority stake in Walmart Brazil, (2) an adjustment to the provisional amount recorded in the third quarter of fiscal 2019 related to Tax Reform and (3) unrealized gains and losses on our JD.com investment. The provisional measurement period related to Tax Reform ended in the fourth quarter of fiscal 2019.

Three Months Ended January 31, 2019			
Diluted earnings per share:			
Reported EPS			\$ 1.27
Adjustments:	Pre-Tax Impact	Tax Impact¹	Net Impact
Unrealized (gains) and losses on JD.com investment	\$ (0.06)	\$ 0.03	\$ (0.03)
Adjustment to provisional amount for Tax Reform	—	0.17	0.17
Net adjustments			\$ 0.14
Adjusted EPS			\$ 1.41
Fiscal Year Ended January 31, 2019 ²			
Diluted earnings per share:			
Reported EPS			\$ 2.26
Adjustments:	Pre-Tax Impact	Tax Impact¹	Net Impact
Loss on sale of majority stake in Walmart Brazil	\$ 1.64	\$ (0.10)	\$ 1.54
Unrealized (gains) and losses on JD.com investment	1.20	(0.25)	0.95
Adjustment to provisional amount for Tax Reform	—	0.16	0.16
Net adjustments			\$ 2.65
Adjusted EPS			\$ 4.91

¹ Calculated based on nature of item, including any realizable deductions, and statutory rate in effect for relevant jurisdictions.

² Quarterly adjustments or adjusted EPS may not sum to YTD adjustments or YTD adjusted EPS due to rounding.

Financial presentation to accompany management transcript

Q4 FY20

Walmart 



Safe harbor and non-GAAP measures

This presentation contains statements as to Walmart management's guidance regarding earnings per share, consolidated net sales growth, Walmart U.S. eCommerce net sales growth, Walmart International net sales growth, consolidated operating income, effective tax rate, capital expenditures, and expense leverage for the fiscal year ending January 31, 2021, comparable sales (excluding fuel) for Walmart U.S. and Sam's Club for the 52 weeks ending January 31, 2021, Walmart pickup and delivery locations and number of new units. 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 within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Assumptions on which such forward-looking statements are based are also forward-looking statements. Our actual results may differ materially from those expressed in or implied by any of these forward-looking statements as a result of changes in circumstances, assumptions not being realized or other risks, uncertainties and factors including: economic, capital markets and business conditions; trends and events around the world and in the markets in which we operate; currency exchange rate fluctuations, changes in market interest rates and market levels of wages; changes in the size of various markets, including eCommerce markets; unemployment levels; 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; the effectiveness of the implementation and operation of our strategies, plans, programs and initiatives; unexpected changes in our objectives and plans; the impact of acquisitions, investments, divestitures, store or club closures, and other strategic decisions; our ability to successfully integrate acquired businesses, including within the eCommerce space; changes in the trading prices of certain equity investments we hold; initiatives of competitors, competitors' entry into and expansion in our markets, and competitive pressures; customer traffic and average ticket in our stores and clubs and on our eCommerce websites; the mix of merchandise we sell, the cost of goods we sell and the shrinkage we experience; trends in consumer shopping habits around the world and in the markets in which we operate; our gross profit margins; the financial performance of Walmart and each of its segments, including the amounts of our cash flow during various periods; changes in the credit ratings assigned to our commercial paper and debt securities by credit rating agencies; the amount of our net sales and operating expenses denominated in the U.S. dollar and various foreign currencies; transportation, energy and utility costs; commodity prices and the price of gasoline and diesel fuel; supply chain disruptions and disruptions in seasonal buying patterns; the availability of goods from suppliers and the cost of goods acquired from suppliers; consumer acceptance of and response to our stores, clubs, eCommerce platforms, programs, merchandise offerings and delivery methods; cyber security events affecting us and related costs and impact to the business; developments in, outcomes of, and costs incurred in legal or regulatory proceedings to which we are a party or are subject, and the liabilities, obligations and expenses, if any, that we may incur in connection therewith; casualty and accident-related costs and insurance costs; the turnover in our workforce and labor costs, including healthcare and other benefit costs; consumer enrollment in health and drug insurance programs and such programs' reimbursement rates and drug formularies; our effective tax rate and the factors affecting our 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; changes in existing tax, labor and other laws and regulations and changes in tax rates including the enactment of laws and the adoption and interpretation of administrative rules and regulations; the imposition of new taxes on imports, new tariffs and changes in existing tariff rates; the imposition of new trade restrictions and changes in existing trade restrictions; adoption or creation of new, and modification of existing, governmental policies, programs, initiatives and actions in the markets in which Walmart operates and elsewhere and actions with respect to such policies, programs and initiatives; changes in accounting estimates or judgments; the level of public assistance payments; natural disasters, changes in climate, geopolitical events and catastrophic events; and changes in generally accepted accounting principles in the United States.

Our most recent annual report on Form 10-K and subsequent quarterly reports on Form 10-Q filed with the SEC discuss other risks and factors that could cause actual results to differ materially from those expressed or implied by any forward-looking statement in the presentations. We urge 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 release. Walmart cannot assure you that the results reflected in 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 our operations or financial performance. The forward-looking statements made in the presentation are as of the date of this meeting. Walmart undertakes no obligation to update these forward-looking 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, adjusted EPS, free cash flow and return on investment. 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 our Form 8-K furnished as of the date of this presentation with the SEC, which are available at www.stock.walmart.com.



Fiscal 2021 full year guidance

The following guidance reflects the company's expectations for fiscal year 2021. Assumptions in the guidance include that economic conditions, currency rates and the tax and regulatory landscape remain generally consistent. The company continues to monitor the events in Chile and the Coronavirus outbreak and has not included any potential financial effects in its assumptions. Additionally, the guidance assumes no further change in fair value of the Company's equity investment in JD.com.

Metric	FY21 Guidance
Consolidated net sales growth	Around 3% in constant currency
Comp sales growth	<ul style="list-style-type: none"> Walmart U.S.: at least +2.5%, excluding fuel Sam's Club: minus 50 bps, excluding fuel and at least +3.0%, excluding fuel and tobacco
Walmart U.S. eCommerce net sales growth	Around 30%
Walmart International net sales growth	Around 4% in constant currency
Consolidated expense leverage ¹	Around 20 basis points
Consolidated operating income ²	Similar to EPS growth with Walmart U.S. operating income growth near the upper-end of the growth rate range
Effective tax rate	25% to 26%
EPS ³	\$5.00 to \$5.15, up 1.5% to 4.5% compared with FY20 adjusted EPS
Capital expenditures	Around \$11 billion with a focus on store remodels, customer initiatives, eCommerce, technology and supply chain



¹ Expense leverage to be around 40 basis points as compared with fiscal 2020 reported results.

² The fiscal 2021 Walmart U.S. and consolidated operating income growth is expected to be higher when compared to fiscal 2020 reported operating income.

³ Fiscal 2021 EPS expected to decline about 1% to 4% as compared with fiscal 2020 GAAP EPS primarily as a result of the fair value change in the Company's equity investment in JD.com recorded in fiscal 2020.

Walmart Inc.

(Amounts in millions, except per share data)

	Q4	\$ Δ^1	% Δ^1	YTD	\$ Δ^1	% Δ^1
Total revenue	\$ 141,671	\$ 2,878	2.1 %	\$ 523,964	\$ 9,559	1.9 %
Total revenue, constant currency ²	141,658	2,865	2.1 %	528,133	13,728	2.7 %
Net sales	140,608	2,865	2.1 %	519,926	9,597	1.9 %
Net sales, constant currency ²	140,596	2,853	2.1 %	524,063	13,734	2.7 %
Membership & other income	1,063	13	1.2 %	4,038	(38)	(0.9)%
Operating income	5,322	(745)	(12.3)%	20,568	(1,389)	(6.3)%
Operating income, constant currency ²	5,297	(770)	(12.7)%	20,688	(1,269)	(5.8)%
Adjusted operating income, constant currency ²	5,842	(222)	(3.7)%	21,531	(425)	(1.9)%
Interest expense, net	611	6	1.0 %	2,410	281	13.2 %
Other (gains) and losses ³	(962)	(760)	376.2 %	(1,958)	(10,326)	(123.4)%
Consolidated net income attributable to Walmart	4,141	454	12.3 %	14,881	8,211	123.1 %
EPS	1.45	0.18	14.2 %	5.19	2.93	129.6 %
Adjusted EPS ²	1.38	(0.03)	(2.2)%	4.93	0.02	0.4 %



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 Other gains and losses YTD change is primarily the result of a pre-tax non-recurring loss in FY19 of \$4.8 billion on the sale of the majority stake in Walmart Brazil and a \$1.9B pre-tax increase in the market value of our investment in JD.com in FY20 compared to a \$3.5 billion pre-tax decrease in FY19.

Walmart Inc.

	Q4	bps Δ^1	YTD	bps Δ^1
Gross profit rate	23.4%	(47) bps	24.1%	(40) bps
Operating expenses as a percentage of net sales ²	20.3%	14 bps	20.9%	(8) bps
Effective tax rate ³	24.3%	(837) bps	24.4%	(1,293) bps
Debt to total capitalization ⁴	NP	NP	42.2%	(230) bps
Return on assets ⁵	NP	NP	6.7%	330 bps
Return on investment ⁵	NP	NP	13.4%	(80) bps

¹ Basis points change versus prior year comparable period.

² Excluding the impact of discrete items in Q4 and YTD (which contributed 39 basis points of deleverage for the fourth quarter and 16 basis points of deleverage year to date), we would have delivered 25 basis points of leverage for the fourth quarter and 24 basis points of leverage year to date.

³ The effective tax rate for the year to date period decreased when compared to the prior comparable period primarily due to the loss on sale of a majority stake in Walmart Brazil in the prior fiscal year.

⁴ Debt to total capitalization calculated as of January 31, 2020. Debt includes short-term borrowings, long-term debt due within one year, finance lease obligations due within one year, long-term debt and long-term finance lease obligations. Total capitalization includes debt and total Walmart shareholders' equity.

⁵ Calculated for the fiscal year ended January 31, 2020. For ROI, see reconciliations at the end of presentation regarding non-GAAP financial measures.

NP = not provided



Walmart Inc.

(Amounts in millions)

	Q4	\$ Δ^1	% Δ^1
Receivables, net	\$ 6,284	\$ 1	0.0%
Inventories	44,435	166	0.4%
Accounts payable	46,973	(87)	(0.2)%

¹ Change versus prior year comparable period.



Walmart Inc.

(Amounts in millions)

	YTD	\$ Δ^1
Operating cash flow	\$ 25,255	\$ (2,498)
Capital expenditures	10,705	361
Free cash flow²	\$ 14,550	(2,859)



(Amounts in millions)

	Q4	% Δ^1	YTD	% Δ^1
Dividends	\$ 1,504	(0.4)%	\$ 6,049	(0.9)%
Share repurchases ³	888	(72.7)%	5,717	(22.8)%
Total	\$ 2,392	(49.7)%	\$ 11,766	(12.9)%



¹ Change versus prior year comparable period.

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

³ \$5.7 billion remaining of \$20 billion authorization approved in October 2017. The company repurchased approximately 54 million shares in fiscal 2020.

Walmart U.S.

(Amounts in millions)

	Q4	Δ^1	YTD	Δ^1
Net sales	\$92,271	1.9%	\$341,004	2.8%
Comparable sales ^{2,3}	1.9%	NP	2.8%	NP
• Comp transactions ⁴	1.0%	NP	NP	NP
• Comp ticket ⁴	0.9%	NP	NP	NP
eCommerce impact ³	~210 bps	NP	NP	NP
Gross profit rate	Decrease	(34) bps	Decrease	(14) bps
Operating expense rate ⁵	Increase	40 bps	Decrease	(4) bps
Operating income	\$4,403	-12.7%	\$17,380	0.0%
Adjusted operating income ⁶	\$4,853	-3.8%	\$17,830	2.6%

¹ Change versus prior year comparable period.

² The retail sales calendar for the year ended January 31, 2020 included 53 weeks. As such, fiscal year 2020 comparable store sales are for the 14-week period and 53-week period ended January 31, 2020, and excludes fuel. For comparability, prior year comparable store sales were revised to reflect the 14-week and 53-week periods ended February 1, 2019 instead of the previously reported 13-week and 52 week periods ended January 25, 2019.

³ The results of new acquisitions are included in our comp sales metrics in the 13th month after acquisition.

⁴ Beginning with the first quarter of FY20, we updated our definition of traffic as a component of comparable sales to be all sales transactions in our stores as well as for eCommerce. Traffic is now called transactions. For comparability, we revised this metric for FY19 and have provided a quarterly summary on our website at <http://www.stock.walmart.com>.

⁵ Excluding the impact of discrete items in Q4 and YTD (which contributed 49 basis points of deleverage for the fourth quarter and 13 basis points of deleverage year to date), we would have delivered 9 basis points of leverage for the fourth quarter and 17 basis points of leverage year to date.

⁶ See press release located at www.stock.walmart.com and reconciliations at the end of presentation regarding non-GAAP financial measures.



Walmart U.S. - quarterly financial highlights

Sales

- Comp sales¹ increased 1.9%, with comp transactions up 1.0% and comp ticket higher by 0.9%. E-commerce sales grew 35% and contributed approximately 210 basis points to segment comp sales growth. Online grocery was a meaningful contributor to eCommerce growth.
- On a two-year stacked basis, comp sales¹ were up 6.0%, marking growth by at least six percent for six of the last seven quarters.
- Strength in grocery, health & wellness, home and electronics was partially offset by softness in toys, media & gaming and apparel during December. Also, comp sales reflect a 50 basis point headwind from lapping last year's SNAP benefit (adjusted for the 53rd week).

Gross profit rate

- Gross profit rate was down 34 basis points. Continued price investments and the growing mix of eCommerce pressured gross profit rate but were partially offset by lower supply chain costs. The eCommerce team delivered gross profit rate improvement year over year.

Expenses

- Operating expenses deleveraged 40 basis points on a reported basis, but would have leveraged 9 basis points on an adjusted basis. Both stores and eCommerce teams delivered underlying expense leverage. Physical stores leveraged expenses for the 12th consecutive quarter due to strong productivity improvements. This was partially offset by the growing mix of eCommerce in the segment.
- Results included an approximate \$450 million discrete business restructuring charge and an approximate \$75 million legal matter.

Inventory

- Comp store inventory was up 1.2% and total inventory was about flat vs. last year on net sales growth of 1.9%. We feel good about the quality of our inventory position as we enter the new fiscal year.

Format growth

- We had a net opening of 1 Supercenter and remodeled nearly 80 stores. For FY20, we remodeled nearly 500 stores.
- As of Q4, we had about 3,200 grocery pickup locations, more than 1,600 stores with same-day grocery delivery and about 1,500 pickup towers.



¹ The retail sales calendar for the quarter ended January 31, 2020 included 14 weeks. As such, comparable store sales are for the 14-week period January 31, 2020, and excludes fuel. For comparability, prior year comparable store sales were revised to reflect the 14-week period ended February 1, 2019 instead of the previously reported 13-week period ended January 25, 2019.

Walmart U.S. - quarterly merchandise highlights

Category	Comp	Comments
Grocery ¹	+ low single-digit	Food and consumables sales trends were strong despite a headwind from lapping last year's SNAP benefit. Grocery sales on a two-year stacked basis were among the best in the past 10 years. Increased value, including higher penetration of private brands, along with our expanded omnichannel offering contributed to strength. Price investments led to modest food deflation while consumables' inflation increased modestly versus last year.
Health & wellness	+ mid single-digit	Pharmacy comp sales benefited from branded drug inflation and an active flu season. In addition, we had strong growth in 90-day script counts.
General merchandise ²	slight decrease	Home, electronics and seasonal categories performed well, but were more than offset by softer U.S. store sales in toys, media & gaming and apparel. We believe the compressed holiday season, softer toy industry sales, a lack of newness in gaming, and some assortment challenges in apparel contributed to the decline.



¹ Includes food and consumables.

² General merchandise includes entertainment, toys, hardlines, apparel, home and seasonal.

Walmart International

(Amounts in millions)	Reported		Constant currency ¹		Reported		Constant currency ¹	
	Q4	Δ^2	Q4	Δ^2	YTD	Δ^2	YTD	Δ^2
Net sales	\$33,049	2.3%	\$33,037	2.2%	\$120,130	(0.6)%	\$124,267	2.8%
Gross profit rate	Decrease	(72) bps	NP	NP	Decrease	(136) bps	NP	NP
Operating expense rate ³	Decrease	(31) bps	NP	NP	Decrease	(13) bps	NP	NP
Operating income	\$1,105	(5.6)%	\$1,080	(7.7)%	\$3,370	(31.0)%	\$3,490	(28.5)%
Adjusted operating income ¹	\$1,201	2.6%	\$1,175	0.4%	\$3,759	(23.0)%	\$3,883	(20.5)%

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 Excluding the 33 bps of deleverage due primarily to the impact of non-cash impairment charges and the 11 bps of deleverage due to currency fluctuations, the International segment would have leveraged expenses by 35 bps.

NP = Not Provided



Walmart International - quarterly financial highlights

Sales

- Positive comp sales in six of 10 markets, including the major markets of Mexico, China, and Canada.
- Concerns over Brexit in the U.K. and unrest in Chile negatively affected performance.
- eCommerce contributed 12% of total segment sales, led by Flipkart and online grocery sales in several markets.

Gross profit

- Gross profit rate declined 72 basis points on a reported basis, primarily due to the change in mix towards lower margin categories and formats in certain markets.

Expenses

- Operating expenses leveraged 31 basis points on a reported basis. Cost discipline across multiple markets more than offset the effects from the disruption in Chile as well as non-cash impairment charges in certain markets.

Operating income

- Operating income declined 5.6% on a reported basis and declined 7.7% in constant currency. The effects of the disruption in Chile and non-cash impairment charges were the primary reasons for the decline.
 - Excluding these items, operating income would have been positive.

Inventory

- During the quarter, inventory growth outpaced the sales growth on a reported basis.



Walmart International - key market quarterly results

Country ^{1,2}	Comp ³			Net sales ³	Gross profit rate ³	Operating income ³
	Sales	Transactions	Ticket			
Walmex ⁴	3.4%	0.3%	3.1%	5.0%	Decrease	Increase
China	3.5%	0.3%	3.2%	5.4%	Decrease	Decrease
Canada	0.6%	2.7%	(2.1)%	(0.5)%	Increase	Increase
United Kingdom ⁵	(1.3)%	(1.5)%	0.2%	(1.3)%	Decrease	Decrease

¹ Results are presented on a constant currency basis here and for all key market highlights. Net sales and comp sales are presented on a nominal, calendar basis.

² eCommerce results are included for each of the markets listed in the table.

³ Change versus prior year comparable period.

⁴ Walmex includes the consolidated results of Mexico and Central America.

⁵ Comp sales for the United Kingdom are presented excluding fuel.



Walmart International - key market highlights

Walmex

- Net sales increased 5.0% and comp sales increased 3.4%, led by strength in Mexico.
 - In Mexico, comp sales increased 3.9% or 8.5% on a two-year stacked basis.
 - Opened 81 new stores across Mexico and Central America.
- Comp sales growth continued to outpace ANTAD¹ self-service and clubs.
 - eCommerce sales in Mexico increased by 47%.
- Gross profit rate declined primarily as a result of investments in price and higher markdowns in certain categories.
- Operating expenses leveraged primarily as a result of cost discipline and productivity gains.

China

- Net sales increased 5.4% and comp sales increased 3.5%.
 - Sam's Club delivered double-digit comp sales growth.
 - eCommerce sales grew by more than 100%.
- Gross profit rate declined primarily as a result of the mix effects of continued growth at eCommerce and Sam's Club.
- Operating expense leverage is due to store costs savings initiatives.



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

Walmart International - key market highlights

Canada

- Net sales decreased 0.5% and comp sales increased 0.6%.
 - Comp sales growth benefited from strength in grocery and fresh, offset by softer sales in general merchandise and apparel.
 - The company finalized the sale of Walmart Canada Bank on April 1, 2019, which resulted in a headwind to sales for the quarter of 95 basis points. Excluding the effects of the sale of the bank, net sales would have increased.
- Gross profit rate increased primarily as a result of higher margins in weekly shop categories, partially offset by the divestiture of Walmart Canada Bank.
- Operating expenses leveraged for the quarter primarily as a result of the divestiture of Walmart Canada Bank.

U.K.

- Net sales decreased 1.3% and comp sales declined 1.3%.
 - Consumer spending remained subdued in a challenging environment.
 - Sales for online grocery continued to outpace the market, according to Kantar.
- Gross profit rate declined primarily as a result of strategic price investments, discounting in Apparel and a shift in mix towards lower margin categories.
- Operating expenses deleveraged primarily as a result of a non-cash impairment charge. Excluding this item, operating expense leverage would have been relatively flat.



Sam's Club

(Amounts in millions)

	With fuel		Without fuel ¹		With fuel		Without fuel ¹	
	Q4	Δ^2	Q4	Δ^2	YTD	Δ^2	YTD	Δ^2
Net sales	\$15,288	2.6%	\$13,813	1.1%	\$58,792	1.6%	\$52,792	0.9%
Comparable sales ³	2.2%	NP	0.8%	NP	1.5%	NP	0.7%	NP
• Comp transactions	NP	NP	4.3%	NP	NP	NP	NP	NP
• Comp ticket	NP	NP	(3.5)%	NP	NP	NP	NP	NP
eCommerce impact	NP	NP	~200 bps	NP	NP	NP	NP	NP
Gross profit rate	Decrease	(65) bps	Decrease	(38) bps	Decrease	(11) bps	Decrease	(3) bps
Membership income	NP	NP	NP	3.0%	NP	NP	NP	2.5%
Operating expense rate	Decrease	(35) bps	Decrease	(21) bps	Decrease	(19) bps	Decrease	(11) bps
Operating income	\$384	(7.2)%	\$345	(3.1)%	\$1,642	8.0%	\$1,486	7.4%



¹ Represents financial information of all non-fuel operations. For the three months and fiscal year ended January 31, 2020, fuel sales were \$1.5 billion and \$6.0 billion and fuel operating income was \$39 million and \$156 million, respectively.

² Change versus prior year comparable period.

³ The retail sales calendar for the year ended January 31, 2020 included 53 weeks. As such, fiscal year 2020 comparable store sales are for the 14-week period and 53-week period ended January 31, 2020, and excludes fuel. For comparability, prior year comparable store sales were revised to reflect the 14-week and 53-week periods ended February 1, 2019 instead of the previously reported 13-week and 52 week periods ended January 25, 2019. Tobacco sales negatively affected comparable sales without fuel by 300 basis points and 310 basis points for Q4 and FY20, respectively.

NP - Not provided.

Sam's Club - quarterly financial highlights

Sales

- Comp sales¹ increased 0.8% and comp transactions grew 4.3%. Tobacco negatively affected comp sales by approximately 300 basis points.
- eCommerce sales increased approximately 33%.

Gross profit

- Gross profit rate decreased 65 basis points and 38 basis points, with and without fuel, respectively. Lower margins on fuel negatively affected gross profit. Without fuel, gross profit rate declined due to investments in price and higher eCommerce fulfillment costs. These were partially offset by a reduction in sales of tobacco.

Operating expenses

- Operating expenses as a percentage of net sales decreased 35 and 21 basis points, with and without fuel, respectively. Operating expense leverage is primarily the result of lower labor-related costs partially offset by a reduction in sales of tobacco.

Membership income

- Membership income increased 3.0%. Trends in membership continue to improve. Compared to last year, the total number of members, overall renewal rates and Plus penetration rate all increased for the quarter.

Inventory

- Inventory was relatively flat.



¹ The retail sales calendar for the quarter ended January 31, 2020 included 14 weeks. As such, comparable store sales are for the 14-week period January 31, 2020, and excludes fuel. For comparability, prior year comparable store sales were revised to reflect the 14-week period ended February 1, 2019 instead of the previously reported 13-week period ended January 25, 2019.

Sam's Club - quarterly category highlights

Category	Comp	Comments
Fresh / Freezer / Cooler	+ mid single-digit	Prepared foods, fresh seafood and fresh meat performed well.
Grocery and beverage	+ mid single-digit	Snacks, soda, juice and chips performed well.
Consumables	+ mid single-digit	Broad-based strength, including pet supplies, laundry, baby and paper goods.
Home and apparel	+ low single-digit	Apparel, domestics and tires performed well.
Technology, office and entertainment	+ low single-digit	Mobile phones performed well.
Health and wellness	+ mid single-digit	Pharmacy and OTC performed well.



Non-GAAP measures - ROI

We include Return on Assets ("ROA"), which is calculated in accordance with U.S. generally accepted accounting principles ("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 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 6.7 percent and 3.4 percent for the fiscal years ended January 31, 2020 and 2019, respectively. The increase in ROA was primarily due to the increase in consolidated net income primarily due to the change in fair value of the investment in JD.com and lapping the \$4.5 billion net loss in fiscal 2019 related to the sale of the majority stake in Walmart Brazil, partially offset by the dilution to operating income related to Flipkart as well as business restructuring charges recorded in fiscal 2020. ROI was 13.4 percent and 14.2 percent for the fiscal years ended January 31, 2020 and 2019, respectively. The decrease in ROI was due to the decrease in operating income primarily as a result of the dilution from Flipkart as well as business restructuring charges recorded in fiscal 2020. The denominator remained relatively flat as the increase in average total assets due to the acquisition of Flipkart was offset by the decrease in average invested capital resulting from the removal of the eight times rent factor upon adoption of ASU 2016-02, *Leases* ("ASU 2016-02") since operating lease right of use assets are now included in total assets.

We define ROI as 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. Upon adoption of ASU 2016-02, rent for the trailing 12 months multiplied by a factor of 8 is no longer included in the calculation of ROI on a prospective basis as operating lease assets are now capitalized. For fiscal 2020, lease related assets and associated accumulated amortization are included in the denominator at their carrying amount as of the current balance sheet date, rather than averaged, because they are no longer directly comparable to the prior year calculation which included rent for the trailing 12 months multiplied by a factor of 8. A two-point average will be used for leased assets beginning in fiscal 2021, after one full year from the date of adoption of the new lease standard. Further, beginning prospectively in fiscal 2020, rent expense in the numerator excludes short-term and variable lease costs as these costs are not included in the operating lease right of use asset balance.



Non-GAAP measures - ROI cont.

Prior to adoption of ASU 2016-02, we defined ROI as 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 considered 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, which estimated the hypothetical capitalization of our operating leases. Because the new lease standard was adopted prospectively as of February 1, 2019, our calculation of ROI for the comparable fiscal 2019 period was not recast.

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. As mentioned above, we consider ROA 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 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, is as follows:

CALCULATION OF RETURN ON ASSETS				CALCULATION OF RETURN ON INVESTMENT					
(Dollars in millions)	Fiscal Years			(Dollars in millions)	Fiscal Years				
	Ended		January		Ended		January		
	2020		2019		2020		2019		
Numerator				Numerator					
Consolidated net income	\$	15,201	\$	7,179	Operating income	\$	20,568	\$	21,957
Denominator				Denominator					
Average total assets ¹	\$	227,895	\$	211,909	+ Interest income		189		217
Return on assets (ROA)		6.7%		3.4%	+ Depreciation and amortization		10,987		10,678
					+ Rent		2,670		3,004
					ROI operating income	\$	34,414	\$	35,856
					Denominator				
Certain Balance Sheet Data					Average total assets ^{1,2}	\$	235,277	\$	211,909
					+ Average accumulated depreciation and amortization ^{1,2}		90,351		85,107
Total assets	\$	236,495	\$	219,295	- Average accounts payable ¹		47,017		46,576
Leased assets, net		21,841		7,078	- Average accrued liabilities ¹		22,228		22,141
Total assets without leased assets, net		214,654		212,217	+ Rent x 8		N/A		24,032
Accumulated depreciation and amortization		94,514		87,175	Average invested capital	\$	256,383	\$	252,331
Accumulated amortization on leased assets		4,694		5,682					
Accumulated depreciation and amortization, without leased assets		89,820		81,493	Return on investment (ROI)		13.4%		14.2%
Accounts payable		46,973		47,060					
Accrued liabilities		22,296		22,159					
				22,122					



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 corresponding prior period and dividing by 2. Average total assets as used in ROA includes the average impact of the adoption of ASU 2016-02.

² For the fiscal year ended January 31, 2020, as a result of adopting ASU 2016-02, average total assets is based on the average of total assets without leased assets, net plus leased assets, net as of January 31, 2020. Average accumulated depreciation and amortization is based on the average of accumulated depreciation and amortization, without leased assets plus accumulated amortization on leased assets as of January 31, 2020.

NP = not provided

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. We had net cash provided by operating activities of \$25.3 billion for the fiscal year ended January 31, 2020, which decreased when compared \$27.8 billion for the fiscal year ended January 31, 2019 primarily due to the contribution to our Asda pension plan in anticipation of its future settlement, the inclusion of a full year of Flipkart operations, and the timing of vendor payments. We generated free cash flow of \$14.6 billion for the fiscal year ended January 31, 2020, which decreased when compared to \$17.4 billion for the fiscal year ended January 31, 2019 due to the same reasons as the decline in net cash provided by operating activities, as well as \$0.4 billion in increased capital expenditures.

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.

(Dollars in millions)	Fiscal Years Ended January 31,	
	2020	2019
Net cash provided by operating activities	\$ 25,255	\$ 27,753
Payments for property and equipment (capital expenditures)	(10,705)	(10,344)
Free cash flow	\$ 14,550	\$ 17,409
Net cash used in investing activities ¹	\$ (9,128)	\$ (24,036)
Net cash used in financing activities	(14,299)	(2,537)

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

In discussing our operating results, the term currency exchange rates refers to the currency exchange rates we use to convert the operating results for countries where the functional currency is not the U.S. dollar into U.S. dollars or for countries experiencing hyperinflation. 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.

Additionally, no currency exchange rate fluctuations are calculated for non-USD acquisitions until owned for 12 months. 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. 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. The table below reflects the calculation of constant currency for total revenues, net sales and operating income for the three months and fiscal year ended January 31, 2020.

	Three Months Ended January 31,				Fiscal Year Ended January 31,			
	2020	Percent Change ¹	2020	Percent Change ¹	2020	Percent Change ¹	2020	Percent Change ¹
	Walmart International		Consolidated		Walmart International		Consolidated	
(Dollars in millions)								
Total revenues:								
As reported	\$ 33,426	2.4%	\$ 141,671	2.1%	\$ 121,432	-0.6%	\$ 523,964	1.9%
Currency exchange rate fluctuations	-13	N/A	-13	N/A	4,169	N/A	4,169	N/A
Constant currency total revenues	\$ 33,413	2.3%	\$ 141,658	2.1%	\$ 125,601	2.8%	\$ 528,133	2.7%
Net sales:								
As reported	\$ 33,049	2.3%	\$ 140,608	2.1%	\$ 120,130	-0.6%	\$ 519,926	1.9%
Currency exchange rate fluctuations	-12	N/A	-12	N/A	4,137	N/A	4,137	N/A
Constant currency net sales	\$ 33,037	2.2%	\$ 140,596	2.1%	\$ 124,267	2.8%	\$ 524,063	2.7%
Operating income:								
As reported	\$ 1,105	-5.6%	\$ 5,322	-12.3%	\$ 3,370	-31.0%	\$ 20,568	-6.3%
Currency exchange rate fluctuations	-25	N/A	-25	N/A	120	N/A	120	N/A
Constant currency operating income	\$ 1,080	-7.7%	\$ 5,297	-12.7%	\$ 3,490	-28.5%	\$ 20,688	-5.8%



¹ Change versus prior year comparable period.

Non-GAAP measures - adjusted operating income

Adjusted operating income is considered a non-GAAP financial measure under the SEC's rules because it excludes certain charges included in operating income calculated in accordance with GAAP. Management believes that adjusted operating income is a meaningful measure to share with investors because it best allows comparison of the performance with that of the comparable period. In addition, adjusted operating income affords investors a view of what management considers Walmart's core earnings performance and the ability to make a more informed assessment of such core earnings performance as compared with that of the prior year.

When we refer to adjusted operating income in constant currency this means adjusted operating results without the impact of the currency exchange rate fluctuations. 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. The table below reflects the calculation of adjusted operating income and adjusted operating income in constant currency for the three months and fiscal year ended January 31, 2020.

	Three months ended January 31,						Fiscal year ended January 31,					
	2020		Percent Change ¹		2020		Percent Change ¹		2020		Percent Change ¹	
	Walmart US	Walmart International	Consolidated		Walmart US	Walmart International	Consolidated		Walmart US	Walmart International	Consolidated	
(Dollars in millions)												
Operating income:												
Operating income, as reported	\$ 4,403	(12.7)%	\$ 1,105	(5.6)%	\$ 5,322	(12.3)%	\$ 17,380	0.0%	\$ 3,370	(31.0)%	\$ 20,568	(6.3)%
Business restructuring charges ²	450	N/A	96	N/A	546	N/A	450	N/A	389	N/A	839	N/A
Adjusted operating income	4,853	(3.8)%	1,201	2.6 %	5,868	(3.3)%	17,830	2.6%	3,759	(23.0)%	21,407	(2.5)%
Currency exchange rate fluctuations	N/A	N/A	(26)	N/A	(26)	N/A	N/A	N/A	124	N/A	124	N/A
Adjusted operating income, constant currency	\$ 4,853	(3.8)%	\$ 1,175	0.4 %	\$ 5,842	(3.7)%	\$ 17,830	2.6%	\$ 3,883	(20.5)%	\$ 21,531	(1.9)%

¹ Change versus prior year comparable period.

² Business restructuring charges primarily consists of (1) \$399 million of non-cash impairment charges for certain trade names, acquired developed technology and property and equipment due to strategic business decisions that resulted in the write down of certain eCommerce assets in Walmart U.S. and \$51 million in related severance costs; and (2) \$96 million of non-cash impairment charges related to strategic business decisions that resulted in the write down of certain assets in Walmart International. Additionally, for the fiscal year ended January 31, 2020, business restructuring charges includes \$293 million in non-cash impairment charges in Q3 for the Jabong.com trade name.



Non-GAAP measures - adjusted EPS

Adjusted diluted earnings per share attributable to Walmart (Adjusted EPS) is considered a non-GAAP financial measure under the SEC's rules because it excludes certain amounts included in the diluted earnings per share attributable to Walmart calculated in accordance with GAAP (EPS), the most directly comparable financial measure calculated in accordance with GAAP. Management believes that Adjusted EPS is a meaningful measure to share with investors because it best allows comparison of the performance with that of the comparable period. In addition, Adjusted EPS affords investors a view of what management considers Walmart's core earnings performance and the ability to make a more informed assessment of such core earnings performance with that of the prior year.

We have calculated Adjusted EPS for the three months and fiscal year ended January 31, 2020 by adjusting EPS for the following: (1) unrealized gains and losses on the company's equity investment in JD.com; (2) a tax benefit on the revaluation of deferred tax liabilities as a result of an income tax rate reduction in India; (3) certain income tax matters; (4) certain business restructuring charges which primarily includes non-cash impairment charges on certain trade names and other long-lived assets.

We adjust for the unrealized gains and losses on the company's equity investment in JD.com because although the Company's investment in JD.com was a strategic decision for the company's retail operations in China, management's measurement of that strategy is primarily focused on the Walmart China financial results rather than the investment value of JD.com. Additionally, management does not forecast changes in fair value of its equity investments.



Non-GAAP measures - adjusted EPS

	Three Months Ended January 31, 2020				Percent Change ¹	Fiscal Year Ended January 31, 2020 ²				Percent Change ¹
Diluted earnings per share:										
Reported EPS	\$ 1.45				14.2%	\$ 5.19				129.6%
Adjustments:	Pre-Tax Impact	Tax Impact ^{5,7}	NCI Impact ⁶	Net Impact		Pre-Tax Impact	Tax Impact ^{5,7}	NCI Impact ⁶	Net Impact	
Unrealized (gains) and losses on JD.com investment	\$ (0.33)	\$ 0.07	\$ —	\$ (0.26)		\$ (0.65)	\$ 0.14	\$ —	\$ (0.51)	
Business restructuring charges ⁴	0.20	(0.05)	—	0.15		0.30	(0.08)	(0.01)	\$ 0.21	
Tax benefit from income tax rate reduction in India	—	(0.14)	0.03	(0.11)		—	(0.14)	0.03	(0.11)	
Certain income tax matters ³	0.01	0.14	—	0.15		0.01	0.14	—	\$ 0.15	
Net adjustments	\$ (0.07)					\$ (0.26)				
Adjusted EPS ²	\$ 1.38				(2.1)%	\$ 4.93				0.4%

¹ Change versus prior year comparable period.

² Quarterly adjustments or adjusted EPS may not sum to YTD adjustments or YTD adjusted EPS due to rounding.

³ Represents a charge related to certain income tax matters and accrued interest unrelated to current period operations.

⁴ Business restructuring charges primarily consists of non-cash impairment charges for certain trade names, acquired developed technology, and property and equipment due to decisions that resulted in the write-off of certain assets in Walmart U.S. and Walmart International. Additionally, for the fiscal year ended January 31, 2020, business restructuring charges includes non-cash impairment charges on the Jabong.com trade name in Q3.

⁵ Calculated based on nature of item, including any realizable deductions, and statutory rate in effect for relevant jurisdictions.

⁶ Calculated based on the ownership percentages of our noncontrolling interests.

⁷ The reported effective tax rate was 24.3% and 24.4% for the three months and fiscal year ended January 31, 2020, respectively. When adjusted for the above items, the effective tax rate was 24.7% for both the three months and fiscal year ended ended January 31, 2020.



Non-GAAP measures - adjusted EPS

As previously disclosed in our fiscal year ended January 31, 2019 press release, we have calculated Adjusted EPS for the three months and fiscal year ended January 31, 2019 by adjusting EPS for the following: (1) for the fiscal year ended January 31, 2019 only, the loss on sale of the majority stake in Walmart Brazil, (2) an adjustment to the provisional amount recorded in the third quarter of fiscal 2019 related to Tax Reform and (3) unrealized gains and losses on our JD.com investment. The provisional measurement period related to Tax Reform ended in the fourth quarter of fiscal 2019.

	Three Months Ended January 31, 2019			Fiscal Year Ended January 31, 2019 ²		
Diluted earnings per share:						
Reported EPS	\$ 1.27			\$ 2.26		
Adjustments:	Pre-Tax Impact	Tax Impact ¹	Net Impact	Pre-Tax Impact	Tax Impact ¹	Net Impact
Unrealized (gains) and losses on JD.com investment	\$ (0.06)	\$ 0.03	\$ (0.03)	\$ 1.20	\$ (0.25)	\$ 0.95
Loss on sale of majority stake in Walmart Brazil	—	—	—	1.64	(0.10)	1.54
Adjustment to provisional amount for Tax Reform	—	0.17	0.17	—	0.16	0.16
Net adjustments	\$ 0.14			\$ 2.65		
Adjusted EPS ²	\$ 1.41			\$ 4.91		

¹ Calculated based on nature of item, including any realizable deductions, and statutory rate in effect for relevant jurisdiction.

² Quarterly adjustments or adjusted EPS may not sum to YTD adjustments or YTD adjusted EPS due to rounding. Additionally, individual adjustments may not sum to net adjustments due to rounding.



Additional resources at stock.walmart.com

- Unit counts & square footage
- Comparable store sales, including and excluding fuel
- Revised fiscal 2019 quarterly comp transactions
- Terminology



