UBS

Global Research
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Walmart Inc

Addressing the Top 3 Questions on WMT's 2nd P&L

Equities

United States

Retailers, Broadline

12-month rating	**Buy**
12m price target	**US$147.00**
Price (01 May 2026)	**US$131.60**

RIC: WMT.O **BBG:** WMT US

Trading data and key metrics

52-wk range	US$133.89-94.25
Market cap.	US$1,049b
Shares o/s	7,971m (COM)
Free float	50%
Avg. daily volume ('000)	21,434
Avg. daily value (m)	US$2,705.2
Common s/h equity (01/27E)	US$106b
P/BV (01/27E)	9.9x
Net debt to EBITDA (01/27E)	0.7x

EPS (UBS, diluted) (USD)

	01/27E	
	UBS	Cons.
Q1E	0.66	0.66
Q2E	0.75	0.75
Q3E	0.66	0.68
Q4E	0.81	0.82
01/27E	2.88	2.91
01/28E	3.70	3.27
01/29E	4.30	3.69

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Although WMT's 2nd P&L is scaling rapidly, the market still discounts the long-term opportunity

At this point, some of the top debates on Walmart's investment debate remain around its "2nd P&L." The emergence of the transformation of Walmart's financial profile has led to a significant upward revaluation of its share price. Despite this move, we remain bullish on the stock. As a result, this note looks to address the top three debates related to this piece of investment conversation on the retailer, including:

- What is still not known about the 2nd P&L thesis?
- Will WMT let 2nd P&L profits fall to the bottom line? Or will it re-invest for growth?
- At WMT's current valuation, what are the key assumptions embedded in its share price?

In a nutshell, we think the key driver of these questions is that the market has not fully incorporated both the magnitude of the contribution & the duration in which WMT can sustain the 2nd P&L's current growth rate. In the not-too-distant future, we believe these businesses will become the majority of WMT's earnings and have ample runway to extend meaningfully beyond that.

- **What's not known?** We believe the long-term growth opportunity remains large & underestimated by the market. AMZN provides a very close comp and also serves as a benchmark for what is possible with WMT's 2nd P&L. AMZN's path in scaling its 3P marketplace indicates that WMT can continue to grow the 2nd P&L at its current pace (or even faster) for an extended period of time. Even if WMT compounds its 2nd P&L at 20%+ for the next 10 years, it still would not rival AMZN's current scale. Today, AMZN's 3P GMV is ~7x WMT's and its advertising revenue is ~11x larger. To put this in perspective, we forecast that Walmart's total enterprise-wide EBIT will reach approximately $53.7bn by CY 2030E compared to $29.5bn in CY 2025. We model that Walmart's 2nd P&L will contribute $30.2bn to the company's EBIT by CY 2030E, versus $8.5bn in CY 2025.
- **Will WMT allow margin expansion?** If it is able to execute on the opportunity, WMT will have optionality in terms of how it manages the additional profits. However, given the margins on the new revenue streams & scale of the EBIT contribution, we think WMT has flexibility to **both** reinvest for growth and expand its operating margin. Thus in our base case, we forecast a ~6.5% operating margin by CY 2030E and the potential to expand margins to ~8% by CY 2035E. To put this in perspective, we assume that it will be able to invest $8bn to $10bn of profitability back into its business annually between now and CY 2030E. This equates to 100 to 150 bps of annual operating margin. Keep in mind that this

Highlights (US$m)	01/24	01/25	01/26	01/27E	01/28E	01/29E	01/30E	01/31E
Revenues	648,125	680,985	713,163	749,636	785,565	818,901	849,725	883,285
EBIT (UBS)	27,105	29,504	30,947	33,552	41,444	47,707	53,752	58,524
Net earnings (UBS)	17,903	20,238	21,173	22,913	29,185	33,664	38,169	41,707
EPS (UBS, diluted) (US$)	2.21	2.51	2.64	2.88	3.70	4.30	4.91	5.40
DPS (net) (US$)	0.76	0.83	0.94	1.02	1.09	1.18	1.27	1.37
Net (debt) / cash	(27,143)	(27,432)	(30,493)	(33,104)	(30,200)	(24,698)	(14,907)	(1,585)
Profitability/valuation	**01/24**	**01/25**	**01/26**	**01/27E**	**01/28E**	**01/29E**	**01/30E**	**01/31E**
EBIT (UBS) margin %	4.2	4.3	4.3	4.5	5.3	5.8	6.3	6.6
ROIC (EBIT) %	23.8	24.3	23.7	23.9	27.8	30.2	32.1	33.2
EV/EBITDA (UBS core) x	11.4	14.6	18.6	22.3	18.9	16.8	15.1	13.9
P/E (UBS, diluted) x	23.3	29.3	38.3	45.7	35.6	30.6	26.8	24.4
Equity FCF (UBS) yield %	3.2	2.0	2.0	1.4	2.0	2.3	2.8	3.2
Dividend yield (net) %	1.5	1.1	0.9	0.8	0.8	0.9	1.0	1.0

Source: Company accounts, LSEG Eikon, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of US$ 131.60 on 01-May-2026

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does not even account for the automation that is driving significant savings and provides another pool of funds that it can source for investments.

- **What's embedded in the stock price?** Based on our analysis using a reverse DCF, WMT's current price implies a long-term operating margin of 7.7% assuming our base case, but only 6.1% in our upside case. We think WMT can outperform both expectations over the long-term (10 years out) as the 2nd P&L becomes a majority of the business. Further, we think there's upside in shares if WMT realizes either its base or upside case, but this analysis reveals the market is discounting the company's ability to achieve the upside scenario. Compared to AMZN's growth trajectory after it reached a similar scale, our base case is conservative. Yet, WMT has grown its 3P marketplace faster than AMZN did. Thus, we view the upside case, which is more in-line with AMZN's performance, as readily attainable. Our DCF assumes a slightly high terminal growth rate of 4%, but we think this is warranted given the runway WMT has to grow its earnings at high rates over an extended period from the 2nd P&L opportunity.

In an effort to address these questions, we've updated and extended our 2nd P&L estimates through CY 2030E. Momentum in these businesses continues to build, as WMT rapidly expands its 3P marketplace, strengthens its advertising capabilities, and bolsters its value proposition to both consumers & vendors. We now expect the alternate revenue streams to grow at a 5-year CAGR of 28%, reaching >50% of WMT's EBIT by CY 2030E, in our base case. Through CY 2030E, the 2nd P&L will be responsible for 75% of WMT's EPS growth (vs. CY 2025), contributing ~$2.80 in EPS to WMT's forecasted CY 2030E total of $5.40. If we extrapolate 10 years out using simple assumptions, we think these revenue streams could become ~2/3s of WMT's overall operating income by 2035E in our base case and ~90% in an upside scenario.

As the 2nd P&L thesis continues to unfold over the coming quarters, we expect potential upward revisions to current earnings estimates, with WMT shares to follow. We remain bullish on WMT's long-term outlook.

Figure 1: Our Updated 2nd P&L Estimates

$ in millions	Base Case						Upside Case						Downside Case					
	2025A	2026E	2027E	2028E	2029E	2030E	2025A	2026E	2027E	2028E	2029E	2030E	2025A	2026E	2027E	2028E	2029E	2030E
PL #1 Retail (Stores & 1P eCommerce):																		
Revenues	**692,384**	**721,758**	**749,366**	**773,027**	**791,513**	**811,615**	**689,486**	**721,758**	**749,366**	**773,027**	**791,513**	**811,615**	**694,036**	**721,758**	**749,366**	**773,027**	**791,513**	**811,615**
% YoY Growth	*4.1%*	*4.2%*	*3.8%*	*3.2%*	*2.4%*	*2.5%*	*3.9%*	*4.7%*	*3.8%*	*3.2%*	*2.4%*	*2.5%*	*4.1%*	*4.0%*	*3.8%*	*3.2%*	*2.4%*	*2.5%*
EBIT	**22,428**	**22,084**	**26,523**	**28,693**	**29,338**	**28,346**	**22,054**	**22,084**	**26,523**	**28,693**	**29,338**	**28,346**	**23,236**	**22,084**	**26,523**	**28,693**	**29,338**	**28,346**
% Margin	*3.2%*	*3.1%*	*3.5%*	*3.7%*	*3.7%*	*3.5%*	*3.2%*	*3.1%*	*3.5%*	*3.7%*	*3.7%*	*3.5%*	*3.3%*	*3.1%*	*3.5%*	*3.7%*	*3.7%*	*3.5%*
Retail Segment EPS	**$1.91**	**$1.89**	**$2.37**	**$2.59**	**$2.68**	**$2.62**	**$1.88**	**$1.90**	**$2.38**	**$2.60**	**$2.70**	**$2.65**	**$1.98**	**$1.88**	**$2.36**	**$2.57**	**$2.66**	**$2.59**
PL #2 Alternate Businesses:																		
Marketplace Sales	6,615	8,701	11,157	13,905	17,324	21,181	6,916	10,151	14,160	18,374	22,720	27,279	6,465	7,976	9,655	11,670	14,200	16,849
% YoY Growth	*27%*	*32%*	*28%*	*25%*	*25%*	*22%*	*33%*	*47%*	*40%*	*30%*	*24%*	*20%*	*24%*	*23%*	*21%*	*21%*	*22%*	*19%*
Fulfillment Sales	2,580	3,915	5,523	7,300	9,745	12,709	5,138	8,991	14,565	20,999	27,589	35,073	1,121	1,462	1,867	2,653	3,749	5,111
% YoY Growth	*47%*	*52%*	*41%*	*32%*	*33%*	*30%*	*54%*	*75%*	*62%*	*44%*	*31%*	*27%*	*44%*	*30%*	*28%*	*42%*	*41%*	*36%*
Advertising Income (Sales + COGS Offset)	6,350	8,573	11,144	14,209	18,116	22,645	6,350	8,890	12,002	16,202	21,873	29,528	6,350	7,938	9,922	12,154	14,889	17,867
% YoY Growth	*46%*	*35%*	*30%*	*28%*	*28%*	*25%*	*46%*	*40%*	*35%*	*35%*	*35%*	*35%*	*46%*	*25%*	*25%*	*23%*	*23%*	*20%*
Data Monetization Sales	834	1,630	2,557	3,768	5,331	6,285	874	1,924	3,317	5,352	8,277	11,932	792	1,147	1,572	2,075	2,491	2,970
% YoY Growth	*80%*	*95%*	*57%*	*47%*	*41%*	*18%*	*81%*	*120%*	*72%*	*61%*	*55%*	*44%*	*79%*	*45%*	*37%*	*32%*	*20%*	*19%*
Membership Sales	4,400	5,060	5,819	6,692	7,696	8,850	4,400	5,170	6,075	7,138	8,387	9,855	4,400	4,950	5,569	6,265	7,048	7,929
% YoY Growth	*16%*	*15%*	*15%*	*15%*	*15%*	*15%*	*17%*	*18%*	*18%*	*18%*	*18%*	*18%*	*17%*	*13%*	*13%*	*13%*	*13%*	*13%*
2nd P&L Revenue	**20,779**	**27,878**	**36,199**	**45,874**	**58,213**	**71,670**	**23,677**	**35,125**	**50,119**	**68,065**	**88,846**	**113,666**	**19,127**	**23,472**	**28,584**	**34,817**	**42,377**	**50,725**
% YoY Growth	*34%*	*34%*	*30%*	*27%*	*27%*	*23%*	*38%*	*48%*	*43%*	*36%*	*31%*	*28%*	*32%*	*23%*	*22%*	*22%*	*22%*	*20%*
Marketplace EBIT	66	218	558	695	1,299	1,589	173	254	708	1,378	1,704	2,728	(646)	(798)	(965)	(875)	(710)	(421)
% Margin	*1%*	*3%*	*5%*	*5%*	*8%*	*8%*	*3%*	*3%*	*5%*	*8%*	*8%*	*10%*	*(10%)*	*(10%)*	*(10%)*	*(8%)*	*(5%)*	*(3%)*
Fulfillment EBIT	(193)	(196)	(276)	(183)	(244)	254	(257)	(450)	(364)	(420)	(414)	(351)	(112)	(146)	(187)	(199)	(281)	(256)
% Margin	*(8%)*	*(5%)*	*(5%)*	*(3%)*	*(3%)*	*2%*	*(5%)*	*(5%)*	*(3%)*	*(2%)*	*(2%)*	*(1%)*	*(10%)*	*(10%)*	*(10%)*	*(8%)*	*(8%)*	*(5%)*
Advertising EBIT	4,763	6,429	8,358	10,657	13,587	16,984	4,890	7,112	9,601	12,962	17,498	23,623	4,699	5,874	7,441	9,116	11,167	13,400
% Margin	*75%*	*75%*	*75%*	*75%*	*75%*	*75%*	*77%*	*80%*	*80%*	*80%*	*80%*	*80%*	*74%*	*74%*	*75%*	*75%*	*75%*	*75%*
Data Monetization EBIT	584	1,222	1,917	2,826	3,998	4,714	655	1,539	2,654	4,282	6,622	9,545	515	746	1,101	1,452	1,868	2,227
% Margin	*70%*	*75%*	*75%*	*75%*	*75%*	*75%*	*75%*	*80%*	*80%*	*80%*	*80%*	*80%*	*65%*	*65%*	*70%*	*70%*	*75%*	*75%*
Membership EBIT	3,300	3,795	4,364	5,019	5,772	6,637	3,432	4,136	4,860	5,710	6,710	7,884	3,256	3,663	4,177	4,699	5,286	5,947
% Margin	*75%*	*75%*	*75%*	*75%*	*75%*	*75%*	*78%*	*80%*	*80%*	*80%*	*80%*	*80%*	*74%*	*74%*	*75%*	*75%*	*75%*	*75%*
2nd P&L EBIT	**8,519**	**11,468**	**14,922**	**19,014**	**24,413**	**30,178**	**8,893**	**12,591**	**17,459**	**23,912**	**32,120**	**43,429**	**7,711**	**9,339**	**11,566**	**14,192**	**17,330**	**20,897**
% YoY Growth	*49%*	*35%*	*30%*	*27%*	*28%*	*24%*	*60%*	*42%*	*39%*	*37%*	*34%*	*35%*	*34%*	*21%*	*24%*	*23%*	*22%*	*21%*
Consolidated EBIT Margin	*41%*	*41%*	*41%*	*41%*	*42%*	*42%*	*38%*	*36%*	*35%*	*35%*	*36%*	*38%*	*40%*	*40%*	*40%*	*41%*	*41%*	*41%*
2nd P&L as % of Total EBIT	*28%*	*34%*	*36%*	*40%*	*45%*	*52%*	*29%*	*36%*	*40%*	*45%*	*52%*	*61%*	*25%*	*30%*	*30%*	*33%*	*37%*	*42%*
2nd P&L Segment EPS	**$0.73**	**$0.98**	**$1.33**	**$1.71**	**$2.23**	**$2.79**	**$0.76**	**$1.08**	**$1.57**	**$2.17**	**$2.96**	**$4.05**	**$0.66**	**$0.79**	**$1.03**	**$1.27**	**$1.57**	**$1.91**
Combined P&L:																		
Revenues	**713,163**	**749,636**	**785,565**	**818,901**	**849,725**	**883,285**	**713,163**	**756,883**	**799,484**	**841,093**	**880,359**	**925,281**	**713,163**	**745,231**	**777,950**	**807,844**	**833,890**	**862,340**
YoY Growth	*4.7%*	*5.1%*	*4.8%*	*4.2%*	*3.8%*	*3.9%*	*4.7%*	*6.1%*	*5.6%*	*5.2%*	*4.7%*	*5.1%*	*4.7%*	*4.5%*	*4.4%*	*3.8%*	*3.2%*	*3.4%*
EBIT	**30,947**	**33,552**	**41,444**	**47,707**	**53,752**	**58,524**	**30,947**	**34,675**	**43,981**	**52,604**	**61,458**	**71,775**	**30,947**	**31,422**	**38,089**	**42,885**	**46,668**	**49,243**
EBIT Margin	*4.3%*	*4.5%*	*5.3%*	*5.8%*	*6.3%*	*6.6%*	*4.3%*	*4.6%*	*5.5%*	*6.3%*	*7.0%*	*7.8%*	*4.3%*	*4.2%*	*4.9%*	*5.3%*	*5.6%*	*5.7%*
Consolidated EPS	**$2.64**	**$2.88**	**$3.70**	**$4.30**	**$4.91**	**$5.40**	**$2.64**	**$2.99**	**$3.94**	**$4.77**	**$5.66**	**$6.70**	**$2.64**	**$2.68**	**$3.38**	**$3.84**	**$4.23**	**$4.50**
Current UBS Estimates	*$2.64*	*$2.88*	*$3.70*	*$4.30*	*$4.91*	*$5.40*	*$2.64*	*$2.88*	*$3.70*	*$4.30*	*$4.91*	*$5.40*	*$2.64*	*$2.88*	*$3.70*	*$4.30*	*$4.91*	*$5.40*
Upside/Downside vs. Current Estimates	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*3.7%*	*6.6%*	*11.0%*	*15.2%*	*24.0%*	*0.0%*	*(6.9%)*	*(8.6%)*	*(10.7%)*	*(13.9%)*	*(16.7%)*

Source: Company filings and reports, UBS estimates

Figure 2: 2nd P&L Estimate Revisions - Base Case

$ in millions	Base Case Estimates Revisions								
	2025			2026			2027		
	Old	New	Delta	Old	New	Delta	Old	New	Delta
2nd P&L Revenue:									
Marketplace Sales	6,422	6,615	193	8,071	8,701	630	10,046	11,157	1,111
YoY Growth	*24%*	*27%*	*4%*	*26%*	*32%*	*6%*	*24%*	*28%*	*4%*
Fulfillment Sales	2,107	2,580	473	2,913	3,915	1,002	3,955	5,523	1,567
YoY Growth	*37%*	*47%*	*10%*	*38%*	*52%*	*14%*	*36%*	*41%*	*5%*
Advertising Income (Sales + COGS Offset)	6,600	6,350	(250)	8,910	8,573	(338)	11,583	11,144	(439)
YoY Growth	*50%*	*46%*	*(4%)*	*35%*	*35%*	*0%*	*30%*	*30%*	*0%*
Data Monetization Sales	598	834	236	902	1,630	728	1,286	2,557	1,271
YoY Growth	*55%*	*80%*	*25%*	*51%*	*95%*	*45%*	*43%*	*57%*	*14%*
Membership Sales	4,314	4,400	86	4,961	5,060	99	5,705	5,819	114
YoY Growth	*15%*	*16%*	*1%*	*15%*	*15%*	*0%*	*15%*	*15%*	*0%*
2nd P&L Revenue	**$20,041**	**$20,779**	**$738**	**$25,756**	**$27,878**	**$2,122**	**$32,575**	**$36,199**	**$3,624**
YoY Growth	*31.3%*	*33.5%*	*2.3%*	*28.5%*	*34.2%*	*5.6%*	*26.5%*	*29.8%*	*3.4%*
2nd P&L EBIT:									
Marketplace EBIT	64	66	2	404	218	(186)	804	558	(246)
EBIT margin	*1%*	*1%*	*0%*	*5%*	*3%*	*(3%)*	*8%*	*5%*	*(3%)*
Fulfillment EBIT	(105)	(193)	(88)	29	(196)	(225)	119	(276)	(395)
EBIT margin	*(5%)*	*(8%)*	*(3%)*	*1%*	*(5%)*	*(6%)*	*3%*	*(5%)*	*(8%)*
Advertising EBIT	4,950	4,763	(188)	6,950	6,429	(520)	9,035	8,358	(677)
EBIT margin	*75%*	*75%*	*0%*	*78%*	*75%*	*(3%)*	*78%*	*75%*	*(3%)*
Data Monetization EBIT	419	584	165	676	1,222	546	1,029	1,917	889
EBIT margin	*70%*	*70%*	*0%*	*75%*	*75%*	*0%*	*80%*	*75%*	*(5%)*
Membership EBIT	3,235	3,300	65	3,969	3,795	(174)	4,564	4,364	(200)
EBIT margin	*75%*	*75%*	*0%*	*80%*	*75%*	*(5%)*	*80%*	*75%*	*(5%)*
2nd P&L EBIT	**$8,563**	**$8,519**	**($44)**	**$12,027**	**$11,468**	**($559)**	**$15,550**	**$14,922**	**($628)**
YoY Growth	*49.8%*	*49.1%*	*(0.7%)*	*40.5%*	*34.6%*	*(5.8%)*	*29.3%*	*30.1%*	*0.8%*
2nd P&L as % of Total EBIT	*27.9%*	*27.5%*	*(0.4%)*	*33.5%*	*34.2%*	*0.7%*	*38.5%*	*36.0%*	*(2.5%)*
2nd P&L Segment EPS	**$0.73**	**$0.73**	**($0.00)**	**$1.05**	**$0.98**	**($0.07)**	**$1.36**	**$1.33**	**($0.03)**

Note: Old estimates as of October 2025.

Source: Company filings and reports, UBS estimates

What is not known about the alternate revenue thesis?

There are two key points we think the market is underestimating in regards to WMT's 2nd P&L, (1) the magnitude of the potential EBIT contribution and, (2) the duration of how long WMT can sustain the 2nd P&L's current pace of growth. It's clear the market believes WMT's 2nd P&L will become a big business. But, taking a long-term view shows that the 2nd P&L should be a majority of WMT's earnings in short order as WMT compounds these businesses at a high-20% for the foreseeable future. Notably, our benchmarking analysis reveals that if WMT continues to outpace the growth that AMZN achieved, our base case estimates may not fully capture the 2nd P&L's potential.

- The market has a grasp on the 2nd P&L's near-term growth trajectory, but the extent to which these businesses will grow over a longer term period is still underestimated. By 2030E, our updated base case estimates forecast the 2nd P&L will be >50% of EBIT. If we extrapolate these assumptions 10 years out, by 2035E WMT's 2nd P&L businesses could be ~2/3s of WMT's EBIT. Over the next 5 years, we estimate the 2nd P&L will be responsible for ~80% of WMT's EBIT growth, and over a 10 year timeframe, it could be responsible for ~90%
- Our 5-year base case calls for WMT to grow its 3P GMV at a 26% CAGR and advertising revenue at a 29% CAGR. We believe WMT could beat these estimates, as AMZN grew these businesses at CAGRs of 29% and 43% from similar points of scale (~$80bn of 3P GMV and ~$6.5bn of ads revenue).

Importantly, we think our base case leans conservative. Our benchmarking analysis of WMT's 2nd P&L against AMZN's relevant businesses at similar points in time substantiates this. We have three main takeaways: (1) there is a very long runway for WMT to grow the 2nd P&L at high rates for several years, (2) WMT 3P GMV growth has rapidly outpaced AMZN's at similar points in time, and (3) advertising at WMT is under monetized and has the potential to grow even faster.

We use AMZN's 3P marketplace & its advertising business as proxies to highlight what is possible for WMT to achieve in the coming years. As it stands today, AMZN is operating at a much larger scale vs WMT.

Figure 3: AMZN vs. WMT Scale Comparison

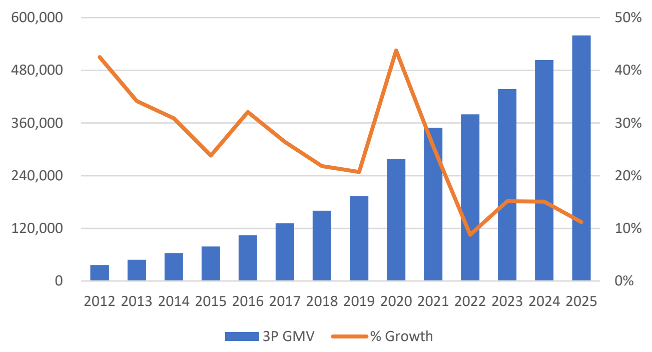
$ in millions	CY '25 H2H Comparison		
	WMT	AMZN	Gap
3P GMV	82,691	559,729	6.8x
Total GMV	219,833	812,562	3.7x
Advertising Revenue	6,350	68,635	10.8x
% of GMV	2.9%	8.4%	2.9x

Source: Company reports, UBS estimates

In 2025, AMZN's 3P GMV was ~7x greater than WMT's, while its advertising revenue is ~11x larger. This serves as a useful benchmark for what the total scale of WMT's activity in these areas could be. Even on a 10-year time horizon, we don't believe WMT will reach AMZN's current scale in either marketplace or ads. The potential runway in these businesses is substantial.

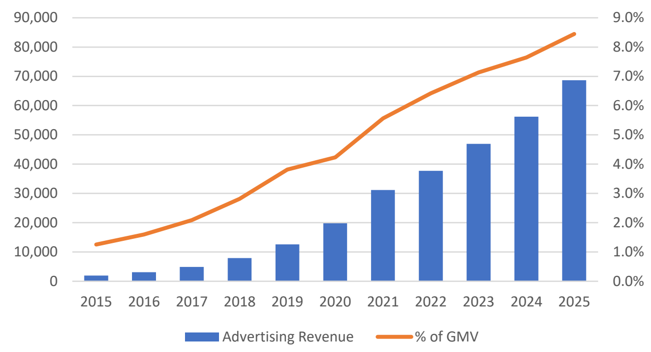
Next, we looked at the pace of growth AMZN achieved while scaling these businesses:

Figure 4: AMZN 3P GMV ($mm)



Source: Company reports, UBS estimates

Figure 5: AMZN Advertising Revenue ($mm)

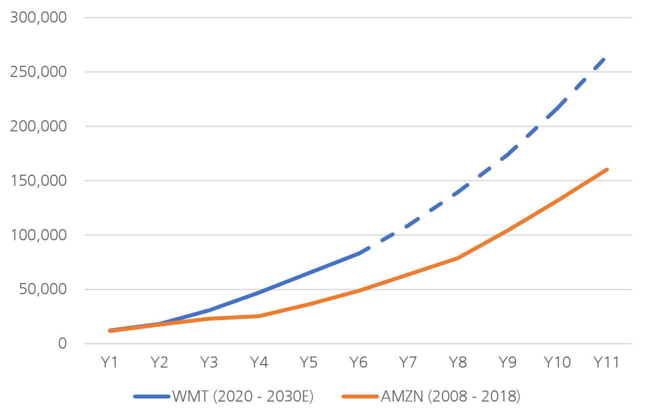


Source: Company reports, UBS estimates. 2015 - 2019 represent UBS estimates assuming ~60% annual growth (in-line with 2020 & 2021).

AMZN grew its 3P marketplace GMV above a 20% rate from ~$36bn of GMV until it reached ~$350bn in 2021. Since then, it's grown at a LDD pace. Relative to its 3P marketplace, AMZN scaled advertising revenue even faster. It first disclosed advertising revenue in 2020, reporting that it generated ~$20bn in revenue that was growing at 60% at the time. Since then, it has continued to grow at a 20%+ rate while pushing advertising revenue as a % of GMV from 4.2% in 2020 to 8.4% in 2025. For context, WMT advertising reached ~$6.4bn in 2025 at an estimated ~30% organic growth rate. This is ~3% of WMT's estimated 3P GMV.

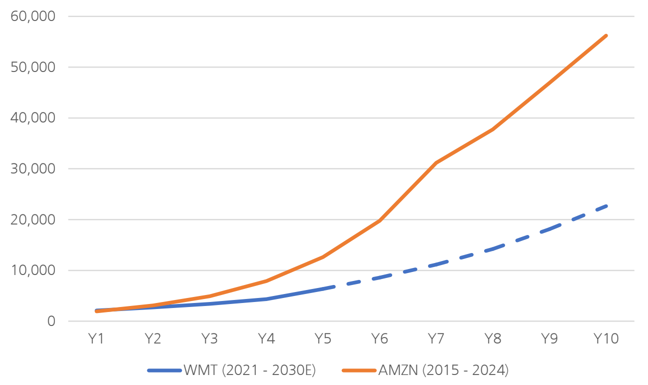
However, when we benchmark WMT vs AMZN, it's clear to us WMT still has a signifiant opportunity to grow. We index WMT 3P GMV and advertising revenue to similar points of scale as AMZN and then compare each company's respective growth trajectories.

Figure 6: 3P GMV Comparison



Source: Company reports, UBS estimates

Figure 7: Ads Revenue Comparison



Source: Company reports, UBS estimates. 2015 - 2019 represent UBS estimates assuming ~60% annual growth (in-line with 2020 & 2021).

WMT is far outpacing the growth AMZN achieved in scaling its 3P GMV. However, our forecast assumes a 5-year 3P GMV CAGR (26%) that is below the ~30% AMZN achieved after reaching ~$80bn in 3P GMV (WMT's current scale). Given WMT's demonstrated ability to grow 3P GMV, this may prove to be conservative. Plus, the near- to medium-term environment should be much friendlier for eCommerce growth than the period AMZN was in at a similar GMV scale (reaching ~$80bn in GMV in 2015). eCommerce is even further entrenched in customer habits now and the value proposition to consumers is stronger, as WMT can now cover ~95% of the US with delivery times of 3 hours or less.

Despite robust 3P GMV growth, WMT's ads revenue has lagged vs. AMZN. We think this underscores the opportunity WMT has to materially accelerate its advertising growth. Currently, we estimate WMT's ads business represents ~3% of total GMV, compared to ~8% at AMZN. Although the merchandise on AMZN's marketplace lean more discretionary vs. WMT's (more need for ads), WMT should be able to achieve a much higher level of GMV penetration. Retail media continues to take digital advertising share, and there are plenty of ways WMT can improve its advertising offering, including expanding to in-store ads, introducing non-endemic ads to its audience, increasing advertisement efficacy, and expanding its DSP's capabilities. As WMT continues to strengthen its ads business and raises its GMV penetration, it should grow ads revenue faster than 3P marketplace. With this perspective, we view our 29% 5-year CAGR forecast for WMT ads as more than achievable (AMZN achieved 43% from a similar point of scale).

Will the company allow profits to fall to the bottom line?

While a high level of growth in WMT's 2nd P&L is accepted by the market, the next question on many investors' minds is, "What will WMT do with the margin expansion from its 2nd P&L?" In the past, WMT has taken incremental margin gains and redeployed as investments in prices, store operations, and supply chain. Yet, WMT has not experienced a similar level of contribution to EBIT that the 2nd P&L will introduce, in terms of both total EBIT contribution dollars as well as the support to margin percentage. As the 2nd P&L increases as a total percentage of profits, investments in retail prices will have less of a margin impact.

To illustrate this effect, we examine the impact that varying degrees of retail operating margin reduction will have on WMT's overall EBIT currently, as well as 5-years from now across our three operating forecast scenarios:

Figure 8: Retail Margin Sensitivity Analysis

$ in millions	2025	2030		
		Base	Upside	Downside
WMT EBIT (Retail + 2nd P&L)	30,947	58,524	71,775	49,243
$ Impact of Retail Margin Reduction:				
WMT Retail Revenue	692,384	811,615	811,615	811,615
25 bps	(1,731)	(2,029)	(2,029)	(2,029)
50 bps	(3,462)	(4,058)	(4,058)	(4,058)
75 bps	(5,193)	(6,087)	(6,087)	(6,087)
100 bps	(6,924)	(8,116)	(8,116)	(8,116)
% Decrease in Total EBIT:				
25 bps	(6%)	(3%)	(3%)	(4%)
50 bps	(11%)	(7%)	(6%)	(8%)
75 bps	(17%)	(10%)	(8%)	(12%)
100 bps	(22%)	(14%)	(11%)	(16%)

Source: Company reports, UBS estimates

Currently, a 100 bps reduction in WMT's retail business margin (stores + 1P eCommerce) would drive a 22% reduction in its EBIT. However, 5 years from now that same 100 bps reduction is ~33% less meaningful in our base case, 50% less in our upside case, and even in our downside case the margin reduction is ~25% less impactful.

Plus, we believe as the 2nd P&L grows, the capital intensity of the business should start to decline, reducing reinvestment needs. Three of its alternate revenue streams (Advertising, Memberships, Data) are capital-light, and the two that are more capital-intensive (Marketplace & Fulfillment) share assets with its retail business. With the 2nd P&L becoming a larger and larger percentage of the company's overall EBIT, the conversion of EBIT to cash flow should begin to increase as these businesses carry fewer capital requirements. Plus, there should not be as many large capital projects to undertake, as its store footprint is built out and most DCs will be automated in the near-term. This supports the company's cash flow, but also EBIT margins as D&A will decline in-line.

However, low prices will continue to serve as a cornerstone of WMT's flywheel. In order to sustain its 2nd P&L growth, WMT will likely need to retain & grow its audience. The way to do that could be through winning on price & value, necessitating a focus on driving prices down. But, we think there's enough room for WMT to invest in prices while still driving EBIT margin expansion. In our base case, we forecast WMT can scale EBIT margins to ~6.5% in CY 2030E, a 230 bps increase over 2025.

As a way to illustrate the potential for Walmart to both reinvest and harvest the benefits of its 2nd P&L, we looked at a scenario where underlying EBIT grows at 3%. This would be the EBIT contribution from simply selling more products. Bear in mind that this is less than the rate of top-line growth that we expect Walmart will achieve between 2025 and 2030. Plus, it does not account for factors like scale, automation benefits or other drivers that could drive its earnings to grow at a faster rate over this time. Then, we compared how this amount would stack up versus the contribution to WMT's 2nd P&L. We combined these amounts and took the difference from our current WMT overall EBIT projections to arrive at an estimated amount that the retailer could invest from realizing the gains from its 2nd P&L. In a nutshell, this would imply that WMT could generate double-digit EBIT growth even as it invests 100 to 150 bps of profit margin back into its business annually.

Figure 9: WMT Reinvestment Capacity Analysis

$ in millions	2023	2024	2025	2026E	2027E	2028E	2029E	2030E
WMT EBIT $ - UBS Current Estimates	**24,602**	**27,105**	**29,504**	**30,947**	**33,552**	**41,444**	**47,707**	**53,752**
% Growth				*5%*	*8%*	*24%*	*15%*	*13%*
WMT EBIT $ - 3% Underlying Growth				28,756	29,618	30,507	31,422	32,365
WMT EBIT $ - 2nd P&L				11,468	14,922	19,014	24,413	30,178
WMT EBIT $ - Potential				**40,224**	**44,540**	**49,521**	**55,835**	**62,543**
WMT EBIT $ - Investment Amount (dif between current ests. & potential)				(9,277)	(10,988)	(8,076)	(8,128)	(8,791)
Walmart Total Sales - UBS Current Estimates				706,413	742,211	777,397	809,917	839,933
Operating Margin Investment (Investment Amount divided by Sales)				1.3%	1.5%	1.0%	1.0%	1.0%

Source: Company reports, UBS estimates

What type of assumptions are priced into the current share price?

We evaluate long-term expectations embedded in WMT shares across our forecast scenarios utilizing a reverse DCF analysis. In order to capture the full penetration of the 2nd P&L, we extend our forecast through 2035E.

In our view, the current share price discounts the probability that WMT achieves our upside scenario. Using our upside scenario in a reverse DCF implies a long-term operating margin ~6% (10 years out). The market appears to be more anchored to, though below, our base case estimates. Using our base case, we imply a long-term margin assumption of ~7.7%, lower than our 2035E forecast (8.1% EBIT margin). In either scenario, the market is discounting WMT's ability to achieve our forecast. Our downside forecast implies a 9.5% long-term operating margin.

Figure 10: Base Case Reverse DCF Analysis

WMT ($ in millions)	UBS WMT Forecast - Base Case												'25 - '35 CAGR
	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	
Revenue	**680,985**	**713,163**	**749,636**	**785,565**	**818,901**	**849,725**	**883,285**	**917,579**	**954,568**	**992,751**	**1,032,461**	**1,073,759**	**4.2%**
% Growth		*4.7%*	*5.1%*	*4.8%*	*4.2%*	*3.8%*	*3.9%*	*3.9%*	*4.0%*	*4.0%*	*4.0%*	*4.0%*	
EBIT	**29,504**	**30,947**	**33,552**	**41,444**	**47,707**	**53,752**	**58,524**	**62,632**	**67,066**	**73,223**	**79,765**	**86,714**	**10.9%**
% Margin	*4.3%*	*4.3%*	*4.5%*	*5.3%*	*5.8%*	*6.3%*	*6.6%*	*6.8%*	*7.0%*	*7.4%*	*7.7%*	*8.1%*	
(-) Taxes	(6,475)	(6,799)	(7,405)	(9,386)	(11,116)	(12,597)	(13,766)	(14,772)	(15,859)	(12,968)	(13,895)	(14,919)	
(+) D&A	12,973	14,203	14,993	15,711	16,378	16,995	17,666	18,352	19,091	19,855	20,649	21,475	
(-) Capex	(23,783)	(26,642)	(26,237)	(26,709)	(27,843)	(28,041)	(28,265)	(27,527)	(28,637)	(27,301)	(25,812)	(24,160)	
(-) Increase in NWC	181	752	2,996	3,116	2,220	2,151	2,354	2,466	2,660	3,760	4,942	6,214	
Free Cash Flow to Firm	**$12,400**	**$12,461**	**$17,898**	**$24,176**	**$27,347**	**$32,260**	**$36,513**	**$41,149**	**$44,322**	**$56,569**	**$65,651**	**$75,325**	**19.7%**
2nd P&L Revenue	**$15,561**	**$20,779**	**$27,878**	**$36,199**	**$45,874**	**$58,213**	**$71,670**	**$82,421**	**$94,784**	**$109,002**	**$119,902**	**$131,892**	**20.3%**
% Growth	*35%*	*34%*	*34%*	*30%*	*27%*	*27%*	*23%*	*15%*	*15%*	*15%*	*10%*	*10%*	
2nd P&L EBIT	**$5,712**	**$8,519**	**$11,468**	**$14,922**	**$19,014**	**$24,413**	**$30,178**	**$34,911**	**$40,385**	**$46,715**	**$51,686**	**$57,184**	**21.0%**
% Margin	*37%*	*41%*	*41%*	*41%*	*41%*	*42%*	*42%*	*42%*	*43%*	*43%*	*43%*	*43%*	
% of Total	*19%*	*28%*	*34%*	*36%*	*40%*	*45%*	*52%*	*56%*	*60%*	*64%*	*65%*	*66%*	

Reverse DCF Analysis	
Share Price	**$128.00**
(x) Shares outstanding	8,009
Equity Value	**1,025,152**
(+) Net Debt	43,112
Enterprise Value	**1,068,264**
(-) PV of FCF	252,962
Implied Term. Value PV	**815,302**
Long-Term Growth Rate	4.0%
Implied Terminal FCF	$78,513
Implied EBIT Margin	**7.7%**
WACC Assumption	*8.3%*

Source: Company reports, UBS estimates, FactSet (as of 4/27/2026)

Our base case implies a long-term operating margin of 7.7%. By 2035E, we forecast that WMT achieves a 2035E EBIT of $85bn (8.1% margin), ~3x growth vs. 2025 EBIT (~11% CAGR). In our base case, the 2nd P&L scales to become ~2/3s of WMT's total EBIT. While an 8% margin may be viewed as high relative to past levels, we think it is a realistic expectation 10 years out. In our base case, we assume some compression to retail margins as a result of price investments. This offsets some of the uplift from the 2nd P&L as retail margins decline to 3% in this forecast.

Figure 11: Upside Case Reverse DCF Analysis

WMT ($ in millions)	UBS WMT Forecast - Upside Case												'25 - '35 CAGR
	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	
Revenue	680,985	713,163	756,883	799,484	841,093	880,359	925,281	971,545	1,020,122	1,071,128	1,124,684	1,180,919	5.2%
% Growth		*4.7%*	*6.1%*	*5.6%*	*5.2%*	*4.7%*	*5.1%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	
EBIT	29,504	30,947	34,675	43,981	52,604	61,458	71,775	80,221	89,333	99,155	109,736	121,128	14.6%
% Margin	*4.3%*	*4.3%*	*4.6%*	*5.5%*	*6.3%*	*7.0%*	*7.8%*	*8.3%*	*8.8%*	*9.3%*	*9.8%*	*10.3%*	
(-) Taxes	(6,475)	(6,799)	(7,477)	(9,552)	(11,417)	(13,051)	(14,421)	(15,641)	(16,948)	(13,992)	(15,136)	(16,407)	
(+) D&A	12,973	14,203	15,138	15,990	16,822	17,607	18,506	19,431	20,402	21,423	22,494	23,618	
(-) Capex	(23,783)	(26,642)	(26,491)	(27,182)	(28,597)	(29,052)	(29,609)	(29,146)	(30,604)	(29,456)	(28,117)	(26,571)	
(-) Increase in NWC	181	752	3,025	3,171	2,280	2,229	2,466	2,611	2,843	4,056	5,384	6,834	
Free Cash Flow to Firm	$12,400	$12,461	$18,870	$26,407	$31,692	$39,192	$48,716	$57,475	$65,027	$81,186	$94,361	$108,602	24.2%
2nd P&L Revenue	$17,116	$23,677	$35,125	$50,119	$68,065	$88,846	$113,666	$142,082	$174,051	$208,861	$245,411	$282,223	28.1%
% Growth	*35%*	*34%*	*48%*	*43%*	*36%*	*31%*	*28%*	*25%*	*23%*	*20%*	*18%*	*15%*	
2nd P&L EBIT	$5,554	$8,893	$12,591	$17,459	$23,912	$32,120	$43,429	$54,286	$66,500	$79,800	$93,765	$107,830	28.3%
% Margin	*32%*	*38%*	*36%*	*35%*	*35%*	*36%*	*38%*	*38%*	*38%*	*38%*	*38%*	*38%*	
% of Total	*19%*	*29%*	*36%*	*40%*	*45%*	*52%*	*61%*	*68%*	*74%*	*80%*	*85%*	*89%*	

Reverse DCF Analysis	
Share Price	$128.00
(x) Shares outstanding	8,009
Equity Value	1,025,152
(+) Net Debt	43,112
Enterprise Value	1,068,264
(-) PV of FCF	336,236
Implied Term. Value PV	732,028
Long-Term Growth Rate	4.0%
Implied Terminal FCF	$70,493
Implied EBIT Margin	6.1%
WACC Assumption	*8.3%*

Source: Company reports, UBS estimates, FactSet (as of 4/27/2026)

Our upside case implies a long-term operating margin of 6.1%. By 2035E, we forecast that WMT achieves a 2035E EBIT of $120bn (10.3% margin), ~4x growth vs. 2025 EBIT (~15% CAGR). In our upside case, the 2nd P&L scales to become ~90% of WMT's total EBIT. If WMT is able to drive this growth, we view it as unlikely for margins to remain at ~6%. Thus, if WMT can drive results that are close to the upside scenario, this suggests shares could be materially underpriced.

Figure 12: Downside Case Reverse DCF Analysis

WMT ($ in millions)	UBS WMT Forecast - Downside Case												'25 - '35 CAGR
	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	
Revenue	680,985	713,163	745,231	777,950	807,844	833,890	862,340	888,210	914,856	942,302	970,571	999,688	3.4%
% Growth		*4.7%*	*4.5%*	*4.4%*	*3.8%*	*3.2%*	*3.4%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	
EBIT	29,504	30,947	31,422	38,089	42,885	46,668	49,243	50,721	52,242	53,810	55,424	57,087	6.3%
% Margin	*4.3%*	*4.3%*	*4.2%*	*4.9%*	*5.3%*	*5.6%*	*5.7%*	*5.7%*	*5.7%*	*5.7%*	*5.7%*	*5.7%*	
(-) Taxes	(6,475)	(6,799)	(7,362)	(9,295)	(10,966)	(12,362)	(13,440)	(14,300)	(15,199)	(12,309)	(13,062)	(13,889)	
(+) D&A	12,973	14,203	14,905	15,559	16,157	16,678	17,247	17,764	18,297	18,846	19,411	19,994	
(-) Capex	(23,783)	(26,642)	(26,083)	(26,450)	(27,467)	(27,518)	(27,595)	(26,646)	(27,446)	(25,913)	(24,264)	(22,493)	
(-) Increase in NWC	181	752	2,979	3,085	2,190	2,111	2,298	2,387	2,550	3,569	4,646	5,785	
Free Cash Flow to Firm	$12,400	$12,461	$15,861	$20,988	$22,799	$25,577	$27,754	$29,926	$30,444	$38,002	$42,155	$46,483	14.1%
2nd P&L Revenue	$14,517	$19,127	$23,472	$28,584	$34,817	$42,377	$50,725	$58,333	$65,625	$72,188	$77,602	$81,482	15.6%
% Growth	*35%*	*34%*	*23%*	*22%*	*22%*	*22%*	*20%*	*15%*	*13%*	*10%*	*8%*	*5%*	
2nd P&L EBIT	$5,738	$7,711	$9,339	$11,566	$14,192	$17,330	$20,897	$24,032	$27,036	$29,739	$31,970	$33,568	15.8%
% Margin	*40%*	*40%*	*40%*	*40%*	*41%*	*41%*	*41%*	*41%*	*41%*	*41%*	*41%*	*41%*	
% of Total	*19%*	*25%*	*30%*	*30%*	*33%*	*37%*	*42%*	*47%*	*52%*	*55%*	*58%*	*59%*	

Reverse DCF Analysis	
Share Price	$128.00
(x) Shares outstanding	8,009
Equity Value	1,025,152
(+) Net Debt	43,112
Enterprise Value	1,068,264
(-) PV of FCF	185,000
Implied Term. Value PV	883,264
Long-Term Growth Rate	4.0%
Implied Terminal FCF	$85,057
Implied EBIT Margin	9.5%
WACC Assumption	*8.3%*

Source: Company reports, UBS estimates, FactSet (as of 4/27/2026)

Our downside case implies a long-term operating margin of 9.5%. By 2035E, we forecast that WMT achieves a 2035E EBIT of ~$60bn (5.7% margin), ~2x growth vs. 2025 EBIT (~6% CAGR). In our downside case, the 2nd P&L still scales to become ~60% of WMT's total EBIT.

WMT's 3P marketplace sets the stage for the rest of the 2nd P&L

Marketplace is the engine that drives WMT's 2nd P&L. By driving increased seller & SKU counts in marketplace, WMT drives traffic, acquires data, and expands its reach. In turn, WMT is able to monetize these assets across its fulfillment, advertising, data, and membership revenue streams.

- In order to drive the flywheel, the company has placed a particular focus on adding sellers, increasing SKU count and providing a wider selection of merchandise. As of September 2025, 3P sellers were up 50% YoY and during the holidays the company saw a 3x increase in active sellers. Furthermore, the company pushed SKU count up ~20%, from 420mm in 2024 to 500mm in 2025.
- As a result, marketplace revenue growth rates hovered in the mid-teens to 20% throughout CY 2025. Yet, these figures may understate underlying performance. WMT reports marketplace revenue net of discounts provided to acquire sellers. Thus, 3P GMV is likely growing at a higher rate. We estimate 27% in CY 2025. At this level, WMT is gaining share vs AMZN, which grew 3P GMV at ~11% in 2025.
- Going forward, we expect growth to remain in focus. The company has confirmed as much, with commentary on February's earnings call that it is likely to continue to favor growth over profitability in marketplace. Plus, we anticipate that the company will shift towards a faster pace of execution under the new CEO's leadership. Though the overall strategy remains the same, as WMT aims to close the seller count / SKU gap to AMZN.
- Importantly, we note that there is much more opportunity to improve. Only 50% of WMT's top 300 target sellers are in marketplace today (although 75 were added in 2025). It also continues to build its value proposition for sellers. Investments in WFS and growth in its online audience bolster the case for sellers to onboard. All in, we think WMT is well-positioned to accelerate growth in 2026 as it continues to invest.
- As such, we are updating CY 2026E revenue growth to 32% from 26% previously, but are tempering our EBIT margin forecast from 5% to 3%. On a longer-term basis, we expect in our base case that WMT will grow revenue at a 26% CAGR through CY 2030E and will scale to a 8% EBIT margin. This would drive $1.5bn+ in EBIT by CY 2030E.

Figure 13: UBS Marketplace Forecast

Marketplace	Base Case Scenario							Upside Case Scenario							Downside Case Scenario						
	2025E	2026E	2027E	2028E	2029E	2030E	CAGR	2025E	2026E	2027E	2028E	2029E	2030E	CAGR	2025E	2026E	2027E	2028E	2029E	2030E	CAGR
Marketplace Sales	**6,615**	**8,701**	**11,157**	**13,905**	**17,324**	**21,181**	**26%**	**6,916**	**10,151**	**14,160**	**18,374**	**22,720**	**27,279**	**32%**	**6,465**	**7,976**	**9,655**	**11,670**	**14,200**	**16,849**	**21%**
% YoY Growth	*27%*	*32%*	*28%*	*25%*	*25%*	*22%*		*33%*	*47%*	*40%*	*30%*	*24%*	*20%*		*24%*	*23%*	*21%*	*21%*	*22%*	*19%*	
Marketplace EBIT	**66**	**218**	**558**	**695**	**1,299**	**1,589**	**89%**	**173**	**254**	**708**	**1,378**	**1,704**	**2,728**	**74%**	**(646)**	**(798)**	**(965)**	**(875)**	**(710)**	**(421)**	**NM**
% Margin	*1%*	*3%*	*5%*	*5%*	*8%*	*8%*		*3%*	*3%*	*5%*	*8%*	*8%*	*10%*		*(10%)*	*(10%)*	*(10%)*	*(8%)*	*(5%)*	*(3%)*	

Source: Company reports, UBS estimates

WMT Fulfillment Services (WFS) continues to enable seller acquisition, while also driving revenue growth

If marketplace is the engine of WMT's 2nd P&L, WFS is the fuel. WMT leverages its supply chain & footprint to attract new 3P sellers to its marketplace through its outsourced fulfillment service. As WMT invests in automating its supply chain & enhancing delivery speed / coverage, this offering is becoming increasingly attractive to 3P sellers.

- In 2025, WMT established an ability to deliver to 95% of the US in under 3 hours. No other company can match this combination of delivery breadth and speed. With this reach, the company has reported that some sellers see a 50%+ jump in sales after joining WFS.
- Given its strategic importance, the retailer is looking to expand 3P seller's adoption of WFS services. It succeeded in 2025, pushing total adoption of WFS services to 52% by the end of the year, up from 44% in 2Q. WFS penetration is even higher amongst top sellers in the marketplace, with 70% using the service.
- This growth is due to the strength of WMT's delivery capabilities, but also due to

WMT's positioning against AMZN. It remains competitively priced, with the company characterizing pricing as ~15% below market. In addition, AMZN continues to pressure its merchants with incremental fees and unfavorable payment terms, making WMT a potentially more attractive alternative.

- Headed into 2026, we anticipate WMT will maintain a posture of favoring growth over profitability, similar to marketplace. Following faster than anticipated growth in 2025, we continue to see a large opportunity to scale WFS from here. It is growing marketplace GMV, investing in its fulfillment capabilities, and its competitive positioning is strengthening. Plus, there is white space to expand, as WFS remains underpenetrated relative to AMZN's FBA service (adoption is estimated at ~80% - 85% of sellers).
- Overall, we are increasingly positive on the revenue growth outlook in this segment, but remain cautious on profitability. We've updated our CY 2026E revenue estimate from ~40% to ~50% growth (in-line with 2025), while pushing back the timeline to profitability until CY 2030E in our base case. We expect WMT to drive a fulfillment revenue CAGR of ~40% through CY 2030E.

Figure 14: UBS Fulfillment Forecast

Fulfillment	Base Case Scenario							Upside Case Scenario							Downside Case Scenario						
	2025E	2026E	2027E	2028E	2029E	2030E	CAGR	2025E	2026E	2027E	2028E	2029E	2030E	CAGR	2025E	2026E	2027E	2028E	2029E	2030E	CAGR
Fulfillment Sales	2,580	3,915	5,523	7,300	9,745	12,709	38%	5,138	8,991	14,565	20,999	27,589	35,073	47%	1,121	1,462	1,867	2,653	3,749	5,111	35%
% YoY Growth	47%	52%	41%	32%	33%	30%		54%	75%	62%	44%	31%	27%		44%	30%	28%	42%	41%	36%	
Fulfillment EBIT	(193)	(196)	(276)	(183)	(244)	254	NM	(257)	(450)	(364)	(420)	(414)	(351)	NM	(112)	(146)	(187)	(199)	(281)	(256)	18%
% Margin	(8%)	(5%)	(5%)	(3%)	(3%)	2%		(5%)	(5%)	(3%)	(2%)	(2%)	(1%)		(10%)	(10%)	(10%)	(8%)	(8%)	(5%)	

Source: Company reports, UBS estimates

Advertising may be at an inflection point

2025 was a complex year for WMT's advertising business. Between integrating Vizio, improving its attribution capabilities, and the introduction of agentic commerce as a potential disruptor, there was a lot to navigate last year. Nevertheless, performance impressed.

- By our estimates, WMT increased its penetration of advertising revenue as a % of eCommerce GMV, expanding from 2.5% to 2.9%. Furthermore, the retailer saw accelerating growth in important channels. WMT Connect (the majority of WMT's advertising revenue) growth accelerated from 31% in 1Q to 41% in 4Q. Plus, revenue synergies from the Vizio acquisition appear to be materializing, as WMT reported triple digit growth in Vizio advertising revenue in CY 4Q 25.
- Agentic commerce emerged as a potential risk factor for advertising in 2025. However, we believe WMT is well-positioned to navigate any changes. While AI chatbots may change product discovery, WMT will work in partnership with AI model companies. This allows WMT to retain ownership of the first party transaction data that powers its advertising offering. Plus, we think agentic commerce may actually catalyze growth in WMT's eCommerce business. Agents allow consumers to comprehensively evaluate the entire marketplace, which should end up benefiting WMT due to its pricing advantage, selection, and delivery capabilities. Interestingly, we may already be seeing signs this is the case. New customers are now discovering WMT at >2x the rate from chatbots vs traditional search engines.
- We are encouraged by accelerating growth rates in WMT's advertising business and the embedded potential to expand advertising even further. As WMT adds sellers to its marketplace, enhances its data asset, increases the efficacy of its ads, and broadens its advertising capabilities (i.e., increasing non-endemic advertising, integrating Vizio, introducing in-store ads, expanding its DSP, etc.), we expect its advertising revenue as a percentage of eCommerce GMV to grow closer to AMZN's ~8% level. Further, retail media continues to gain digital advertising share and WMT remains well-positioned to benefit from this tailwind. And as discussed above, AMZN was able to drive a CAGR of ~43% following reaching a similar level of advertising revenue scale.
- While we are increasingly optimistic on the growth outlook, we view our prior advertising revenue growth estimate of 35% in CY 2026E as appropriate. In CY 2025, growth in WMT Connect stayed steady at ~30% in 1Q - 3Q before inflecting in 4Q. Following 4Q earnings, the company acknowledged that the 41% growth rate may be difficult to sustain due to seasonality in 4Q. Over a longer-term horizon, we expect WMT advertising to grow at a 29% CAGR

through CY 2030E, while scaling EBIT to ~$17bn (75% margin).

Figure 15: UBS Advertising Forecast

Advertising	Base Case Scenario							Upside Case Scenario							Downside Case Scenario						
	2025E	2026E	2027E	2028E	2029E	2030E	CAGR	2025E	2026E	2027E	2028E	2029E	2030E	CAGR	2025E	2026E	2027E	2028E	2029E	2030E	CAGR
Advertising Income[(1)]	6,350	8,573	11,144	14,209	18,116	22,645	29%	6,350	8,890	12,002	16,202	21,873	29,528	36%	6,350	7,938	9,922	12,154	14,889	17,867	23%
% YoY Growth	46%	35%	30%	28%	28%	25%		46%	40%	35%	35%	35%	35%		46%	25%	25%	23%	23%	20%	
Advertising EBIT	4,763	6,429	8,358	10,657	13,587	16,984	29%	4,890	7,112	9,601	12,962	17,498	23,623	37%	4,699	5,874	7,441	9,116	11,167	13,400	23%
% Margin	75%	75%	75%	75%	75%	75%		77%	80%	80%	80%	80%	80%		74%	74%	75%	75%	75%	75%	

(1) Includes sales and COGS offset.

Source: Company reports, UBS estimates

Data monetization is pacing far ahead of our expectations

Although the company provides limited disclosures around its data monetization business (Scintilla), we believe this revenue stream is scaling rapidly.

- In 2025, we think data revenue approached $1bn, which we estimate as ~ $800mm - $875mm. At the midpoint, this represents ~80% growth over 2024, far ahead of our prior estimate of 55% growth. This growth is supported by very high renewal rates amongst subscribers.
- As WMT grows omni-channel sales, the value of its data asset grows. And with the increased prominence of AI, WMT is well-positioned to leverage these new technologies to spin up new services using its data asset. The company has spoken about providing better tools and visibility into vendor's inventory positions across its footprint, which is one of several potential applications it can pursue.
- Given 2025's growth performance, the increasing strategic importance of data, and the relatively small revenue base, we are raising our revenue growth estimates for WMT's data business. In CY 2026E, we anticipate growth accelerating to 95% YoY. Through CY 2030E, we expect a revenue growth CAGR of ~50%.

Figure 16: UBS Data Forecast

Data	Base Case Scenario							Upside Case Scenario							Downside Case Scenario						
	2025E	2026E	2027E	2028E	2029E	2030E	CAGR	2025E	2026E	2027E	2028E	2029E	2030E	CAGR	2025E	2026E	2027E	2028E	2029E	2030E	CAGR
Data Monetization Sales	834	1,630	2,557	3,768	5,331	6,285	50%	874	1,924	3,317	5,352	8,277	11,932	69%	792	1,147	1,572	2,075	2,491	2,970	30%
% YoY Growth	80%	95%	57%	47%	41%	18%		81%	120%	72%	61%	55%	44%		79%	45%	37%	32%	20%	19%	
Data Monetization EBIT	584	1,222	1,917	2,826	3,998	4,714	52%	655	1,539	2,654	4,282	6,622	9,545	71%	515	746	1,101	1,452	1,868	2,227	34%
% Margin	70%	75%	75%	75%	75%	75%		75%	80%	80%	80%	80%	80%		65%	65%	70%	70%	75%	75%	

Source: Company reports, UBS estimates

The WMT+ membership continues to gain in both traction and attraction

Throughout 2025, WMT reported steady membership growth between 15% and 17% each quarter, which was supported by strong growth in WMT+ and international memberships.

- The retailer's membership programs reached new heights in 2025. Its WMT+ business achieved its highest NPS scores since launching and CY 3Q 25 represented its largest quarter ever of net member additions. It continues to upgrade the Sam's Club experience through investments in both in-store technology and supply chain automation. Scan & Go is now used by 40% of members and it is focused on expanding its ability to deliver to members in <1 hour. These efforts have resulted in Sam's Club renewal rates reaching all-time highs in 2025.
- At WMT+, the retailer remains focused on building a robust set of benefits. Our prior analysis of the value of retailer membership programs showed WMT+ delivered the most value (~$850 when fully utilized) against similar programs at Amazon, Target, Kroger, and Albertson's.
- However, WMT continued to add to the WMT+ program with the November launch of its OnePay credit card. For WMT+ members, the card delivers 5% cash back on purchases at WMT with zero annual fee. With the potential for significant cost savings, the launch should drive increased conversions of WMT customers into WMT+ members. Thus far, the company has reported satisfaction with the early traction the card has received.
- There's a large opportunity to drive increased WMT+ membership growth. We estimate there are ~15mm WMT+ members today, which represents only 10% of WMT's 150mm weekly customers in the US.
- We also expect Sam's Club membership growth to accelerate. In April 2025, WMT

established a long-term target of doubling Sam's Club memberships over 8 - 10 years, a 7% - 9% CAGR. This would be an acceleration against recent performance, where memberships grew at a 6% CAGR in the last 5 years. However, Sam's Club has not opened new locations in that timeframe. With new club launches returning in 2026, Sam's Club should be able to achieve this growth.

- Overall, we see encouraging progress across memberships, with durable growth drivers going forward. We leave our revenue growth forecast unchanged vs. prior estimates, while moderating our longer-term EBIT margin forecast slightly (80% to 75%).

Figure 17: UBS Membership Forecast

Membership	Base Case Scenario							Upside Case Scenario							Downside Case Scenario						
	2025E	2026E	2027E	2028E	2029E	2030E	CAGR	2025E	2026E	2027E	2028E	2029E	2030E	CAGR	2025E	2026E	2027E	2028E	2029E	2030E	CAGR
Membership Sales	**4,400**	**5,060**	**5,819**	**6,692**	**7,696**	**8,850**	**15%**	**4,400**	**5,170**	**6,075**	**7,138**	**8,387**	**9,855**	**18%**	**4,400**	**4,950**	**5,569**	**6,265**	**7,048**	**7,929**	**13%**
% YoY Growth	*16%*	*15%*	*15%*	*15%*	*15%*	*15%*		*17%*	*18%*	*18%*	*18%*	*18%*	*18%*		*17%*	*13%*	*13%*	*13%*	*13%*	*13%*	
Membership EBIT	**3,300**	**3,795**	**4,364**	**5,019**	**5,772**	**6,637**	**15%**	**3,432**	**4,136**	**4,860**	**5,710**	**6,710**	**7,884**	**18%**	**3,256**	**3,663**	**4,177**	**4,699**	**5,286**	**5,947**	**13%**
% Margin	*75%*	*75%*	*75%*	*75%*	*75%*	*75%*		*78%*	*80%*	*80%*	*80%*	*80%*	*80%*		*74%*	*74%*	*75%*	*75%*	*75%*	*75%*	

Source: Company reports, UBS estimates

Figure 18: WMT quarterly income statement ($ millions except per share)

	2024					2025					2026					2027E				
	Apr-23	Jul-23	Oct-23	Jan-24	FY'24	Apr-24	Jul-24	Oct-24	Jan-25	FY'25	Apr-25	Jul-25	Oct-25	Jan-26	FY'26	Apr-26E	Jul-26E	Oct-26E	Jan-27E	Jan-27E
Days in Period	89	92	92	92	365	90	92	92	92	366	89	92	92	92	365	89	92	92	92	365
Walmart U.S. sales	103,901	110,854	109,419	117,643	441,817	108,670	115,347	114,875	123,523	462,415	112,163	120,911	120,678	129,223	482,975	116,704	125,870	125,690	134,633	502,898
Sam's Club sales	20,499	21,830	21,998	21,852	86,179	21,435	22,853	22,851	23,099	90,238	22,064	23,638	23,550	23,763	93,015	22,720	24,369	24,727	25,200	97,016
Walmart International sales	26,604	27,596	28,022	32,419	114,641	29,833	29,567	30,277	32,208	121,885	29,754	31,201	33,541	35,927	130,423	33,622	34,009	36,224	38,442	142,297
Net sales	151,004	160,280	159,439	171,914	642,637	159,938	167,767	168,003	178,830	674,538	163,981	175,750	177,769	188,913	706,413	173,047	184,248	186,641	198,275	742,211
Membership and other income	1,297	1,352	1,365	1,474	5,488	1,570	1,568	1,585	1,724	6,447	1,628	1,652	1,727	1,743	6,750	1,791	1,817	1,900	1,917	7,425
Revenue	**152,301**	**161,632**	**160,804**	**173,388**	**648,125**	**161,508**	**169,335**	**169,588**	**180,554**	**680,985**	**165,609**	**177,402**	**179,496**	**190,656**	**713,163**	**174,837**	**186,065**	**188,541**	**200,193**	**749,636**
Cost of sales	115,284	121,850	121,183	131,825	490,142	121,431	126,810	127,340	136,172	511,753	124,303	132,771	134,706	143,615	535,395	131,055	139,069	141,305	150,599	562,027
Gross Profit	**37,017**	**39,782**	**39,621**	**41,563**	**157,983**	**40,077**	**42,525**	**42,248**	**44,382**	**169,232**	**41,306**	**44,631**	**44,790**	**47,041**	**177,768**	**43,783**	**46,997**	**47,235**	**49,594**	**187,609**
Operating, Selling, General & Administrative	30,777	32,373	33,419	34,309	130,878	32,981	34,585	35,540	36,622	139,728	34,171	36,704	37,613	38,333	146,821	35,988	38,310	39,509	40,250	154,057
Operating Income	**6,240**	**7,409**	**6,202**	**7,254**	**27,105**	**7,096**	**7,940**	**6,708**	**7,760**	**29,504**	**7,135**	**7,927**	**7,177**	**8,708**	**30,947**	**7,795**	**8,687**	**7,727**	**9,344**	**33,552**
Debt	568	543	572	576	2,259	597	557	496	599	2,249	519	651	563	585	2,318	610	610	610	610	2,440
Capital Leases	96	99	110	119	424	117	122	122	118	479	118	118	121	124	481	124	124	124	124	496
Interest Income	(195)	(161)	(152)	(122)	(629)	(261)	(83)	(170)	(144)	(658)	(60)	(157)	(91)	(53)	(361)	(60)	(60)	(60)	(60)	(240)
Interest Expense (Income)	469	481	530	573	2,054	453	596	448	573	2,070	577	612	593	656	2,438	674	674	674	674	2,696
Pretax Income	5,771	6,928	5,672	6,681	25,051	6,643	7,344	6,260	7,187	27,434	6,558	7,315	6,584	8,052	28,509	7,121	8,013	7,053	8,670	30,856
Provision for Income Taxes	1,603	1,809	1,380	1,624	6,416	1,566	1,744	1,465	1,700	6,475	1,516	1,767	1,537	1,978	6,799	1,709	1,923	1,693	2,081	7,405
Income from Continuing Operations	4,167	5,119	4,292	5,057	18,635	5,077	5,600	4,795	5,488	20,959	5,042	5,548	5,047	6,074	21,710	5,412	6,090	5,360	6,589	23,451
Income from Discontinued Operations, net of taxes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Consolidated Net Income	4,167	5,119	4,292	5,057	18,635	5,077	5,600	4,795	5,488	20,959	5,042	5,548	5,047	6,074	21,710	5,412	6,090	5,360	6,589	23,451
Less Income Attributable to Noncontrolling Interest	(223)	(162)	(163)	(184)	(732)	(203)	(210)	(137)	(171)	(721)	(152)	(125)	(105)	(155)	(537)	(152)	(125)	(105)	(155)	(537)
Consolidated Net Income Attributable to Walmart	3,944	4,957	4,129	4,873	17,903	4,874	5,390	4,658	5,317	20,238	4,890	5,423	4,941	5,919	21,173	5,260	5,965	5,255	6,434	22,913
Diluted EPS	**$0.49**	**$0.61**	**$0.51**	**$0.60**	**$2.21**	**$0.60**	**$0.67**	**$0.58**	**$0.66**	**$2.51**	**$0.61**	**$0.68**	**$0.62**	**$0.74**	**$2.64**	**$0.66**	**$0.75**	**$0.66**	**$0.81**	**$2.88**
Less Income From Continuing Ops Attributable to Noncontrolling	(223)	(162)	(163)	(184)	(732)	(203)	(210)	(137)	(171)	(721)	(152)	(125)	(105)	(155)	(537)	(152)	(125)	(105)	(155)	(537)
Income From Continuing Operations Attributable to Walmart	3,944	4,957	4,129	4,873	17,903	4,874	5,390	4,658	5,317	20,238	4,890	5,423	4,941	5,919	21,173	5,260	5,965	5,255	6,434	22,913
Non-recurring Items (A/T)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted Income From Continuing Operations Attributable to Wa	3,944	4,957	4,129	4,873	17,903	4,874	5,390	4,658	5,317	20,238	4,890	5,423	4,941	5,919	21,173	5,260	5,965	5,255	6,434	22,913
Adj Diluted EPS - Excluding Discontinued Ops	**$0.49**	**$0.61**	**$0.51**	**$0.60**	**$2.21**	**$0.60**	**$0.67**	**$0.58**	**$0.66**	**$2.51**	**$0.61**	**$0.68**	**$0.62**	**$0.74**	**$2.64**	**$0.66**	**$0.75**	**$0.66**	**$0.81**	**$2.88**
Diluted Weighted Average Shares	8,112	8,109	8,109	8,103	8,103	8,084	8,081	8,082	8,078	8,078	8,051	8,016	8,011	8,009	8,022	7,989	7,970	7,951	7,933	7,961
EBITDA	**9,085**	**10,314**	**9,188**	**10,371**	**38,958**	**10,224**	**11,151**	**9,968**	**11,134**	**42,477**	**10,504**	**11,414**	**10,783**	**12,449**	**45,150**	**11,292**	**12,408**	**11,498**	**13,348**	**48,545**
Yr./Yr. Change (%)	13.6%	8.0%	4.7%	12.5%	9.6%	12.5%	8.1%	8.5%	7.4%	9.0%	2.7%	2.4%	8.2%	11.8%	6.3%	7.5%	8.7%	6.6%	7.2%	7.5%
EBITDA Margin	**6.0%**	**6.4%**	**5.7%**	**6.0%**	**6.0%**	**6.3%**	**6.6%**	**5.9%**	**6.2%**	**6.2%**	**6.3%**	**6.4%**	**6.0%**	**6.5%**	**6.3%**	**6.5%**	**6.7%**	**6.1%**	**6.7%**	**6.5%**
Yr./Yr. Change (bp)	32	13	(3)	36	20	37	20	16	19	23	1	(15)	13	36	9	12	23	9	14	14
Margin Analysis - as a % of Revenue																				
Cost of sales	75.7%	75.4%	75.4%	76.0%	75.6%	75.2%	74.9%	75.1%	75.4%	75.1%	75.1%	74.8%	75.0%	75.3%	75.1%	75.0%	74.7%	74.9%	75.2%	75.0%
Gross Profit	**24.3%**	**24.6%**	**24.6%**	**24.0%**	**24.4%**	**24.8%**	**25.1%**	**24.9%**	**24.6%**	**24.9%**	**24.9%**	**25.2%**	**25.0%**	**24.7%**	**24.9%**	**25.0%**	**25.3%**	**25.1%**	**24.8%**	**25.0%**
Yr./Yr. Change (%)	(22)	39	30	43	23	51	50	27	61	48	13	5	4	9	8	10	10	10	10	10
Operating, Selling, General & Administrative	20.2%	20.0%	20.8%	19.8%	20.2%	20.4%	20.4%	21.0%	20.3%	20.5%	20.6%	20.7%	21.0%	20.1%	20.6%	20.6%	20.6%	21.0%	20.1%	20.6%
Yr./Yr. Change (%)	(56)	29	38	15	8	21	40	17	50	33	21	27	(0)	(18)	7	(5)	(10)	0	0	(4)
Operating Income	**4.1%**	**4.6%**	**3.9%**	**4.2%**	**4.2%**	**4.4%**	**4.7%**	**4.0%**	**4.3%**	**4.3%**	**4.3%**	**4.5%**	**4.0%**	**4.6%**	**4.3%**	**4.5%**	**4.7%**	**4.1%**	**4.7%**	**4.5%**
Yr./Yr. Change (bp)	34	10	(8)	28	16	30	11	10	11	15	(9)	(22)	4	27	1	15	20	10	10	14
Pretax Income	3.8%	4.3%	3.5%	3.9%	3.9%	4.1%	4.3%	3.7%	4.0%	4.0%	4.0%	4.1%	3.7%	4.2%	4.0%	4.1%	4.3%	3.7%	4.3%	4.1%
Yr./Yr. Change (bp)	35	(2)	(9)	25	12	32	5	16	13	16	(15)	(21)	(2)	24	(3)	11	18	7	11	12
Income Tax Rate	27.8%	26.1%	24.3%	24.3%	25.6%	23.6%	23.8%	23.4%	23.6%	23.6%	23.1%	24.2%	23.3%	24.6%	23.8%	24.0%	24.0%	24.0%	24.0%	24.0%
Adjusted Income From Continuing Operations Attributable to Wa	2.6%	3.1%	2.6%	2.8%	2.8%	3.0%	3.2%	2.7%	2.9%	3.0%	3.0%	3.1%	2.8%	3.1%	3.0%	3.0%	3.2%	2.8%	3.2%	3.1%
Margin Analysis - Ex Membership & Other as a % of Net Sales																				
Cost of sales	76.3%	76.0%	76.0%	76.7%	76.3%	75.9%	75.6%	75.8%	76.1%	75.9%	75.8%	75.5%	75.8%	76.0%	75.8%	75.7%	75.5%	75.7%	76.0%	75.7%
Gross Profit	**23.7%**	**24.0%**	**24.0%**	**23.3%**	**23.7%**	**24.1%**	**24.4%**	**24.2%**	**23.9%**	**24.1%**	**24.2%**	**24.5%**	**24.2%**	**24.0%**	**24.2%**	**24.3%**	**24.5%**	**24.3%**	**24.0%**	**24.3%**
Yr./Yr. Change (bp)	(18)	50	32	39	27	42	44	21	53	40	12	4	2	12	8	7	7	7	7	7
Operating Profit	**3.3%**	**3.8%**	**3.0%**	**3.4%**	**3.4%**	**3.5%**	**3.8%**	**3.0%**	**3.4%**	**3.4%**	**3.4%**	**3.6%**	**3.1%**	**3.7%**	**3.4%**	**3.5%**	**3.7%**	**3.1%**	**3.7%**	**3.5%**
Yr./Yr. Change (bp)	40	23	(5)	23	20	18	2	2	1	5	(10)	(23)	2	31	1	11	16	6	6	9
Year/Year Growth Rates																				
WMT US stores comps w/ fuel	7.2%	6.1%	5.0%	4.0%	5.5%	3.8%	4.2%	5.1%	4.6%	4.4%	4.4%	4.5%	4.6%	4.6%	4.5%	4.0%	4.0%	4.0%	4.0%	4.0%
WMT US stores comps ex fuel	7.4%	6.4%	4.9%	4.0%	5.6%	3.8%	4.2%	5.3%	4.6%	4.5%	4.5%	4.6%	4.5%	4.6%	4.6%	4.0%	4.0%	4.0%	4.0%	4.0%
Sam's Club comps w/ fuel	4.2%	5.3%	3.3%	1.9%	3.7%	3.5%	4.6%	3.7%	5.3%	4.3%	4.0%	3.3%	2.6%	2.8%	3.2%	3.1%	3.1%	5.1%	5.1%	4.1%
Sam's Club comps ex fuel	7.0%	5.5%	3.8%	3.1%	4.8%	4.4%	5.2%	7.0%	6.8%	5.9%	6.7%	5.9%	3.8%	4.0%	5.1%	3.0%	3.0%	5.0%	5.0%	4.0%
Net sales	7.6%	5.9%	5.3%	5.6%	6.1%	5.9%	4.7%	5.4%	4.0%	5.0%	2.5%	4.8%	5.8%	5.6%	4.7%	5.5%	4.8%	5.0%	5.0%	5.1%
Membership and other income	1.2%	-8.5%	1.6%	13.0%	1.5%	21.0%	16.0%	16.1%	17.0%	17.5%	3.7%	5.4%	9.0%	1.1%	4.7%	10.0%	10.0%	10.0%	10.0%	10.0%
Revenue	7.6%	5.7%	5.2%	5.7%	6.0%	6.0%	4.8%	5.5%	4.1%	5.1%	2.5%	4.8%	5.8%	5.6%	4.7%	5.6%	4.9%	5.0%	5.0%	5.1%
Cost of sales	7.9%	5.2%	4.8%	5.1%	5.7%	5.3%	4.1%	5.1%	3.3%	4.4%	2.4%	4.7%	5.8%	5.5%	4.6%	5.4%	4.7%	4.9%	4.9%	5.0%
Gross Profit	6.6%	7.5%	6.5%	7.6%	7.1%	8.3%	6.9%	6.6%	6.8%	7.1%	3.1%	5.0%	6.0%	6.0%	5.0%	6.0%	5.3%	5.5%	5.4%	5.5%
Operating, Selling, General & Administrative	4.7%	7.3%	7.2%	6.5%	6.4%	7.2%	6.8%	6.3%	6.7%	6.8%	3.6%	6.1%	5.8%	4.7%	5.1%	5.3%	4.4%	5.0%	5.0%	4.9%
Operating Income	**17.3%**	**8.1%**	**3.0%**	**13.2%**	**10.2%**	**13.7%**	**7.2%**	**8.2%**	**7.0%**	**8.9%**	**0.5%**	**-0.2%**	**7.0%**	**12.2%**	**4.9%**	**9.2%**	**9.6%**	**7.7%**	**7.3%**	**8.4%**
Pretax Income	18.6%	5.1%	2.6%	13.2%	9.5%	15.1%	6.0%	10.4%	7.6%	9.5%	-1.3%	-0.4%	5.2%	12.0%	3.9%	8.6%	9.5%	7.1%	7.7%	8.2%
Adjusted Income From Continuing Operations Attributable to Wa	9.5%	2.3%	1.3%	4.6%	4.2%	23.6%	8.7%	12.8%	9.1%	13.0%	0.3%	0.6%	6.1%	11.3%	4.6%	7.6%	10.0%	6.3%	8.7%	8.2%
Adj Diluted EPS - Excluding Discontinued Operations	12.0%	3.8%	1.6%	4.9%	5.4%	24.0%	9.1%	13.2%	9.4%	13.4%	0.7%	1.4%	7.0%	12.3%	5.4%	8.4%	10.6%	7.1%	9.7%	9.1%
Diluted Weighted Average Shares	-2.2%	-1.5%	-0.3%	-0.2%	-1.1%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.4%	-0.8%	-0.9%	-0.9%	-0.7%	-0.8%	-0.6%	-0.7%	-0.9%	-0.8%

Source: Company reports, UBS estimates

Figure 19: WMT quarterly cash flow statement ($ millions)

	2024					2025				
	Apr-23	Jul-23	Oct-23	Jan-24	FY'24	Apr-24	Jul-24	Oct-24	Jan-25	FY'25
Days in Period	89	92	92	92	365	90	92	92	92	366
Cash Flows from Operating Activities										
Net Income	1,896	8,053	643	5,678	16,270	5,307	4,711	4,714	5,425	20,157
Loss from discontinued operations, net of tax	0	0	0	3,193	3,193	0	0	0	878	878
Depreciation & Amortization	2,845	2,905	2,986	3,117	11,853	3,128	3,211	3,260	3,374	12,973
Cumulative effect of accounting change	0	0	0	0	0	0	0	0	0	0
Deferred income taxes	(725)	1,161	(1,105)	494	(175)	102	(346)	(1)	(390)	(635)
Other operating activities	3,311	(3,235)	5,364	(2,798)	2,642	(132)	1,517	954	550	2,889
A/R	376	(261)	(786)	(126)	(797)	(154)	234	(1,475)	289	(1,106)
Inventory	(154)	376	(7,543)	9,338	2,017	(529)	(705)	(7,966)	6,445	(2,755)
Accounts Payable	971	2,028	4,347	(4,831)	2,515	213	953	6,240	(4,178)	3,228
Other working capital	(3,887)	2,541	(3,093)	2,647	(1,792)	(3,686)	2,533	835	1,132	814
Working Capital	(2,694)	4,684	(7,075)	7,028	1,943	(4,156)	3,015	(2,366)	3,688	181
Recurring cash from operating activities	4,633	13,568	813	16,712	35,726	4,249	12,108	6,561	13,525	36,443
Net cash provided by discontinued operations	0	0	0	0	0	0	0	0	0	0
Net cash from operating activities	**4,633**	**13,568**	**813**	**16,712**	**35,726**	**4,249**	**12,108**	**6,561**	**13,525**	**36,443**
Cash Flows from Investing Activities										
Payments for property & equipment	(4,429)	(4,787)	(5,458)	(5,932)	(20,606)	(4,676)	(5,831)	(6,189)	(7,087)	(23,783)
Investment in international operations, net of cash acc	0	0	0	0	0	0	0	0	0	0
Proceeds from the disposal of fixed assets	47	86	30	87	250	72	220	66	74	432
Proceeds from the sale of McLane	0	0	0	0	0	0	0	0	0	0
Proceeds from the disposal of certain international op:	48	87	0	0	135	0	3	0	4,077	4,080
Proceeds from termination/sale of net inv. hedges	0	0	0	0	0	0	0	0	0	0
Acquisitions	0	0	0	0	0	0	0	0	0	0
Other	(526)	(435)	(37)	(68)	(1,066)	195	(111)	3,590	(5,782)	(2,108)
Net Cash Used In Investing Activities of Cont. Oper.	(4,860)	(5,049)	(5,465)	(5,913)	(21,287)	(4,409)	(5,719)	(2,533)	(8,718)	(21,379)
Net Cash Used In Investing Activities of Discont. Oper.	0	0	0	0	0	0	0	0	0	0
Net Cash Used In Investing Activities	**(4,860)**	**(5,049)**	**(5,465)**	**(5,913)**	**(21,287)**	**(4,409)**	**(5,719)**	**(2,533)**	**(8,718)**	**(21,379)**
Cash Flows from Financing Activities										
Increase (Decrease) in commercial paper	1,343	2,838	5,402	(9,071)	512	4,585	(2,270)	365	(468)	2,212
Proceeds from issuance of long-term debt	3,183	(2,279)	4,063	0	4,967	(1,574)	(1,243)	0	2,817	0
Proceeds from formation of REIT	0	0	0	0	0	0	0	0	0	0
Purchase of company stock	(686)	(485)	(111)	(1,497)	(2,779)	(1,059)	(1,013)	(977)	(1,445)	(4,494)
Dividends paid	(1,538)	(1,534)	(1,534)	(1,534)	(6,140)	(1,671)	(1,665)	(1,668)	(1,684)	(6,688)
Payment of long-term debt	0	0	(4,213)	(4)	(4,217)	0	0	0	(3,468)	(3,468)
Payment of capital lease obligations	0	0	0	0	0	0	0	0	0	0
Proceeds from issuance of common stock	0	0	0	0	0	0	0	0	0	0
Purchase of redeemable noncontrolling interest	0	0	0	0	0	0	0	0	0	0
Other financing activities	(362)	(3,789)	(477)	(1,129)	(5,757)	(602)	(433)	(448)	(901)	(2,384)
Net Cash Used In Financing Activities	**1,940**	**(5,249)**	**3,130**	**(13,235)**	**(13,414)**	**(321)**	**(6,624)**	**(2,728)**	**(5,149)**	**(14,822)**
Effect of exchange rate changes on cash	154	(7)	(154)	76	69	6	(346)	(11)	(290)	(641)
Net change in cash	1,867	3,263	(1,676)	(2,360)	1,094	(475)	(581)	1,289	(632)	(399)
Net Cash - Beginning Balance	8,841	10,708	13,971	12,295	8,841	9,935	9,460	8,879	10,168	9,935
Net Cash - Ending Balance	10,708	13,971	12,295	9,935	9,935	9,460	8,879	10,168	9,536	9,536
Cash Flow Analysis										
Cash Flow from Operations	**4,633**	**13,568**	**813**	**16,712**	**35,726**	**4,249**	**12,108**	**6,561**	**13,525**	**36,443**
Yr./Yr. Change	-223%	4%	-87%	27%	24%	-8%	-11%	707%	-19%	2%
FCF										
Free Cash Flow (after Capex before Acqs)	204.0	8,781.0	(4,645.0)	10,780.0	15,120.0	(427.0)	6,277.0	372.0	6,438.0	12,660.0
Yr./Yr. Change	-103%	-3%	-346%	29%	26%	-309%	-29%	-108%	-40%	-16%
Free Cash Flow (before Acqs) - Trailing 4Q's	19,485.0	19,221.0	12,687.0	15,120.0	15,120.0	14,489.0	11,985.0	17,002.0	12,660.0	12,660.0
Yr./Yr. Change	522%	255%	81%	26%	26%	-26%	-38%	34%	-16%	-16%
Free Cash Flow (after Capex and Acquisitions)	204.0	8,781.0	(4,645.0)	10,780.0	15,120.0	(427.0)	6,277.0	372.0	6,438.0	12,660.0
Yr./Yr. Change	-103%	-3%	-346%	29%	26%	-309%	-29%	-108%	-40%	-16%
Free Cash Flow per Share	**$0.03**	**$1.08**	**($0.57)**	**$1.33**	**$1.87**	**($0.05)**	**$0.78**	**$0.05**	**$0.80**	**$1.57**
Free Cash Flow / Net Income	0.1x	1.8x	-1.1x	2.2x	0.8x	-0.1x	1.2x	0.1x	1.2x	0.6x
EBITDA										
EBITDA	9,085	10,314	9,188	10,371	38,958	10,224	11,151	9,968	11,134	42,477
Yr./Yr. Change	14%	8%	5%	12%	10%	13%	8%	8%	7%	9%
EBITDA - Trailing 4Q's	36,634	37,395	37,808	38,958	38,958	40,097	40,934	41,714	42,477	42,477
Yr./Yr. Change	4%	8%	8%	10%	10%	9%	9%	10%	9%	9%
EBITDAR					42,317					45,969
Yr./Yr. Change					9%					9%
EBITDAR - Trailing 4Q's	39,993	40,754	41,167	42,317	42,317	43,589	44,426	45,206	45,969	45,969
Yr./Yr. Change	4%	8%	8%	9%	9%	9%	9%	10%	9%	9%

	2026				
	Apr-25	Jul-25	Oct-25	Jan-26	FY'26
Days in Period	89	92	92	92	365
Cash Flows from Operating Activities					
Net Income	4,639	7,151	6,088	4,392	22,270
Loss from discontinued operations, net of tax	0	0	0	(2,016)	(2,016)
Depreciation & Amortization	3,369	3,487	3,606	3,741	14,203
Cumulative effect of accounting change	0	0	0	0	0
Deferred income taxes	(76)	1,627	759	(33)	2,277
Other operating activities	1,052	(1,748)	(451)	5,226	4,079
A/R	268	(673)	(1,723)	992	(1,136)
Inventory	(807)	148	(7,562)	6,778	(1,443)
Accounts Payable	(310)	1,612	5,975	(5,666)	1,611
Other working capital	(2,724)	1,337	2,408	699	1,720
Working Capital	(3,573)	2,424	(902)	2,803	752
Recurring cash from operating activities	5,411	12,941	9,100	14,113	41,565
Net cash provided by discontinued operations	0	0	0	0	0
Net cash from operating activities	**5,411**	**12,941**	**9,100**	**14,113**	**41,565**
Cash Flows from Investing Activities					
Payments for property & equipment	(4,986)	(6,423)	(7,218)	(8,015)	(26,642)
Investment in international operations, net of cash acc	0	0	0	0	0
Proceeds from the disposal of fixed assets	25	16	28	37	106
Proceeds from the sale of McLane	0	0	0	0	0
Proceeds from the disposal of certain international op:	0	0	0	927	927
Proceeds from termination/sale of net inv. hedges	0	0	0	0	0
Acquisitions	0	0	0	0	0
Other	(132)	301	(641)	(269)	(741)
Net Cash Used In Investing Activities of Cont. Oper.	(5,093)	(6,106)	(7,831)	(7,320)	(26,350)
Net Cash Used In Investing Activities of Discont. Oper.	0	0	0	0	0
Net Cash Used In Investing Activities	**(5,093)**	**(6,106)**	**(7,831)**	**(7,320)**	**(26,350)**
Cash Flows from Financing Activities					
Increase (Decrease) in commercial paper	2,521	(1,762)	4,554	(1,790)	3,523
Proceeds from issuance of long-term debt	3,983	(875)	875	0	3,983
Proceeds from formation of REIT	0	0	0	0	0
Purchase of company stock	(4,555)	(1,645)	(808)	(1,080)	(8,088)
Dividends paid	(1,880)	(1,875)	(1,875)	(1,877)	(7,507)
Payment of long-term debt	0	0	(2,625)	0	(2,625)
Payment of capital lease obligations	0	0	0	0	0
Proceeds from issuance of common stock	0	0	0	0	0
Purchase of redeemable noncontrolling interest	0	0	0	0	0
Other financing activities	(61)	(844)	(140)	(1,794)	(2,839)
Net Cash Used In Financing Activities	**8**	**(7,001)**	**(19)**	**(6,541)**	**(13,553)**
Effect of exchange rate changes on cash	70	111	(30)	(28)	123
Net change in cash	396	(55)	1,220	224	1,785
Net Cash - Beginning Balance	9,536	9,932	9,877	11,097	9,536
Net Cash - Ending Balance	9,932	9,877	11,097	11,321	11,321
Cash Flow Analysis					
Cash Flow from Operations	**5,411**	**12,941**	**9,100**	**14,113**	**41,565**
Yr./Yr. Change	27%	7%	39%	4%	14%
FCF					
Free Cash Flow (after Capex before Acqs)	425.0	6,518.0	1,882.0	6,098.0	14,923.0
Yr./Yr. Change	-200%	4%	406%	-5%	18%
Free Cash Flow (before Acqs) - Trailing 4Q's	13,512.0	13,753.0	15,263.0	14,923.0	14,923.0
Yr./Yr. Change	-7%	15%	-10%	18%	18%
Free Cash Flow (after Capex and Acquisitions)	425.0	6,518.0	1,882.0	6,098.0	14,923.0
Yr./Yr. Change	-200%	4%	406%	-5%	18%
Free Cash Flow per Share	**$0.05**	**$0.81**	**$0.23**	**$0.76**	**$1.86**
Free Cash Flow / Net Income	0.1x	1.2x	0.4x	1.0x	0.7x
EBITDA					
EBITDA	10,504	11,414	10,783	12,449	45,150
Yr./Yr. Change	3%	2%	8%	12%	6%
EBITDA - Trailing 4Q's	42,757	43,020	43,835	45,150	45,150
Yr./Yr. Change	7%	5%	5%	6%	6%
EBITDAR					48,655
Yr./Yr. Change					6%
EBITDAR - Trailing 4Q's	46,262	46,526	47,340	48,655	48,655
Yr./Yr. Change	6%	5%	5%	6%	6%

Source: Company reports, UBS estimates

Figure 21: WMT store count information

	2024					2025					2026				
	Apr-23	Jul-23	Oct-23	Jan-24	FY'24	Apr-24	Jul-24	Oct-24	Jan-25	FY'25	Apr-25	Jul-25	Oct-25	Jan-26	FY'26
Days in Period	89	92	92	92	365	90	92	92	92	366	89	92	92	92	365
Store Count															
Walmart U.S.															
Supercenters beg. of period	3,572	3,561	3,560	3,560	3,572	3,560	3,559	3,558	3,559	3,560	3,559	3,560	3,560	3,562	3,559
Stores opened or acquired	0	0	0	0	0	0	0	0	0	0	1	0	2	3	6
Stores closed	11	1	0	0	12	1	2	0	0	3	0	1	0	0	1
Discount Store to Supercenter conversions	0	0	0	0	0	0	1	1	0	2	0	1	0	1	2
Supercenters, end of period	3,561	3,560	3,560	3,560	3,560	3,559	3,558	3,559	3,559	3,559	3,560	3,560	3,562	3,566	3,566
Discount Stores beg. of period	364	361	361	361	364	360	357	355	355	360	355	355	354	352	355
Stores opened or acquired	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Stores closed	3	0	0	1	4	3	1	0	0	4	0	0	2	0	2
Discount Store to Supercenter conversions	0	0	0	0	0	0	1	0	0	1	0	1	0	1	2
Discount Stores, end of period	361	361	361	360	360	357	355	355	355	355	355	354	352	351	351
Neighborhood Market beg. of period	682	677	675	675	682	675	673	673	672	675	671	671	672	672	671
Stores opened or acquired	0	0	0	0	0	0	2	0	0	2	0	1	2	1	4
Stores closed	5	2	0	0	7	2	2	0	1	5	0	0	2	0	2
Express to Neighborhood Market conversions	0	0	0	0	0	0	0	(1)	0	(1)	0	0	0	0	0
Neighborhood Market, end of period	677	675	675	675	675	673	673	672	671	671	671	672	672	673	673
Neighborhood Market + Express beg. of period	682	677	675	675	682	675	673	673	672	675	671	671	672	672	671
Stores opened or acquired	0	0	0	0	0	0	2	0	0	2	0	1	2	1	4
Stores closed	5	2	0	0	7	2	2	0	1	5	0	0	2	0	2
Neighborhood Market + Express, end of period	677	675	675	675	675	673	673	672	671	671	671	672	672	673	673
Other beg. of period	99	85	20	20	99	20	20	20	20	20	20	20	20	20	20
Stores opened or acquired	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1
Stores closed	14	65	0	0	79	0	0	0	0	0	0	0	0	0	0
Other, end of period	85	20	20	20	20	20	20	20	20	20	20	20	20	21	21
Walmart U.S., beginning of period	4,717	4,684	4,616	4,616	4,717	4,615	4,609	4,606	4,606	4,615	4,605	4,606	4,606	4,606	4,605
Stores opened or acquired	0	0	0	0	0	0	2	0	0	2	1	1	4	5	11
Stores closed	33	68	0	1	102	6	5	0	1	12	0	1	4	0	5
Walmart U.S., end of period	**4,684**	**4,616**	**4,616**	**4,615**	**4,615**	**4,609**	**4,606**	**4,606**	**4,605**	**4,605**	**4,606**	**4,606**	**4,606**	**4,611**	**4,611**
Sam's Club, beginning of period	600	599	599	599	600	599	599	599	600	599	600	600	600	601	600
Stores opened or acquired	0	0	0	0	0	0	0	1	0	1	0	0	1	0	1
Stores closed	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0
Sam's Club, end of period	**599**	**599**	**599**	**599**	**599**	**599**	**599**	**600**	**600**	**600**	**600**	**600**	**601**	**601**	**601**
Walmart International, beginning of period	5,306	5,262	5,267	5,294	5,306	5,402	5,399	5,414	5,454	5,402	5,566	5,578	5,591	5,615	5,566
Stores opened or acquired	12	27	23	110	172	12	27	43	116	198	23	33	30	129	215
Stores closed	56	22	(4)	2	76	15	12	3	4	34	11	20	6	1	38
Walmart International, end of period	**5,262**	**5,267**	**5,294**	**5,402**	**5,402**	**5,399**	**5,414**	**5,454**	**5,566**	**5,566**	**5,578**	**5,591**	**5,615**	**5,743**	**5,743**
Total Walmart Stores, beginning of period	10,623	10,545	10,482	10,509	10,623	10,616	10,607	10,619	10,660	10,616	10,771	10,784	10,797	10,822	10,771
Stores opened or acquired	12	27	23	110	172	12	29	44	116	201	24	34	35	134	227
Stores closed	90	90	(4)	3	179	21	17	3	5	46	11	21	10	1	43
Net Store Additions	(78)	(63)	27	107	(7)	(9)	12	41	111	155	13	13	25	133	184
Total Walmart Stores, end of period	**10,545**	**10,482**	**10,509**	**10,616**	**10,616**	**10,607**	**10,619**	**10,660**	**10,771**	**10,771**	**10,784**	**10,797**	**10,822**	**10,955**	**10,955**

Source: Company reports, UBS estimates

Walmart Inc (WMT.O)

Income Statement (US$m)	01/24	01/25	01/26	01/27E	%ch	01/28E	%ch	01/29E	01/30E	01/31E
Revenues	**648,125**	**680,985**	**713,163**	**749,636**	5.1	**785,565**	4.8	**818,901**	**849,725**	**883,285**
Gross profit	157,983	169,232	177,768	187,609	5.5	200,528	6.9	211,904	222,430	232,981
EBITDA (UBS)	**38,958**	**42,477**	**45,150**	**48,545**	7.5	**57,156**	17.7	**64,085**	**70,746**	**76,190**
Depreciation & amortisation	(11,853)	(12,973)	(14,203)	(14,993)	-5.6	(15,711)	-4.8	(16,378)	(16,995)	(17,666)
EBIT (UBS)	**27,105**	**29,504**	**30,947**	**33,552**	8.4	**41,444**	23.5	**47,707**	**53,752**	**58,524**
Associates & investment income	0	0	0	0	-	0	-	0	0	0
Other non-operating income	0	0	0	0	-	0	-	0	0	0
Net interest	(2,054)	(2,070)	(2,438)	(2,696)	-10.6	(2,336)	13.4	(2,336)	(2,336)	(2,336)
Exceptionals (incl goodwill)	0	0	0	0	-	0	-	0	0	0
Pre-tax profit	**25,051**	**27,434**	**28,509**	**30,856**	8.2	**39,108**	26.7	**45,371**	**51,416**	**56,188**
Tax	(6,416)	(6,475)	(6,799)	(7,405)	-8.9	(9,386)	-26.7	(11,116)	(12,597)	(13,766)
Profit after tax	**18,635**	**20,959**	**21,710**	**23,451**	8.0	**29,722**	26.7	**34,255**	**38,819**	**42,422**
Preference dividends	0	0	0	0	-	0	-	0	0	0
Minorities	(732)	(721)	(537)	(537)	0.0	(537)	0.0	(591)	(650)	(715)
Extraordinary items	0	0	0	0	-	0	-	0	0	0
Net earnings (local GAAP)	**17,903**	**20,238**	**21,173**	**22,913**	8.2	**29,185**	27.4	**33,664**	**38,169**	**41,707**
Net earnings (UBS)	**17,903**	**20,238**	**21,173**	**22,913**	8.2	**29,185**	27.4	**33,664**	**38,169**	**41,707**
Tax rate (%)	25.6	23.6	23.8	24.0	0.6	24.0	0.0	24.5	24.5	24.5

Per Share (US$)	01/24	01/25	01/26	01/27E	%ch	01/28E	%ch	01/29E	01/30E	01/31E
EPS (UBS, diluted)	2.21	2.51	2.64	2.88	9.1	3.70	28.5	4.30	4.91	5.40
EPS (local GAAP, diluted)	2.21	2.51	2.64	2.88	9.1	3.70	28.5	4.30	4.91	5.40
EPS (UBS, basic)	2.22	2.51	2.65	2.88	8.7	3.70	28.5	4.31	4.92	5.41
DPS (net) (US$)	0.76	0.83	0.94	1.02	8.1	1.09	7.5	1.18	1.27	1.37
Cash EPS (UBS, diluted) [1]	3.67	4.11	4.41	4.76	8.0	5.69	19.5	6.39	7.10	7.69
Book value per share	10.34	11.32	12.49	13.28	6.3	14.81	11.5	16.85	19.41	22.38
Average shares (diluted)	8,103	8,078	8,022	7,961	-0.8	7,890	-0.9	7,828	7,771	7,719

Balance Sheet (US$m)	01/24	01/25	01/26	01/27E	%ch	01/28E	%ch	01/29E	01/30E	01/31E
Cash and equivalents	9,867	9,037	10,727	8,446	-21.3	11,682	38.3	17,492	27,568	41,200
Other current assets	67,010	70,421	74,147	76,137	2.7	77,668	2.0	79,629	81,719	83,876
Total current assets	**76,877**	**79,458**	**84,874**	**84,583**	-0.3	**89,351**	5.6	**97,122**	**109,287**	**125,077**
Net tangible fixed assets	110,810	119,993	136,083	147,328	8.3	158,325	7.5	169,790	180,836	191,436
Net intangible fixed assets	28,113	28,792	28,735	28,735	0.0	28,735	0.0	28,735	28,735	28,735
Investments / other assets	36,599	32,580	34,976	36,359	4.0	36,709	1.0	37,062	37,370	37,634
Total assets	**252,399**	**260,823**	**284,668**	**297,005**	4.3	**313,120**	5.4	**332,708**	**356,228**	**382,881**
Trade payables & other ST liabilities	91,537	93,516	100,873	105,637	4.7	109,979	4.1	113,880	117,860	122,082
Short term debt	878	3,068	6,596	6,926	5.0	7,258	4.8	7,566	7,851	8,161
Total current liabilities	**92,415**	**96,584**	**107,469**	**112,563**	4.7	**117,237**	4.2	**121,446**	**125,711**	**130,243**
Long term debt	36,132	33,401	34,624	34,624	0.0	34,624	0.0	34,624	34,624	34,624
Other long term liabilities	33,503	33,417	36,688	38,003	3.6	38,336	0.9	38,671	38,964	39,215
Preferred shares	0	0	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	**162,050**	**163,402**	**178,781**	**185,190**	3.6	**190,197**	2.7	**194,741**	**199,299**	**204,082**
Common s/h equity	**83,861**	**91,013**	**99,617**	**105,545**	6.0	**116,653**	10.5	**131,697**	**150,659**	**172,529**
Minority interests	6,488	6,408	6,270	6,270	0.0	6,270	0.0	6,270	6,270	6,270
Total liabilities & equity	**252,399**	**260,823**	**284,668**	**297,005**	4.3	**313,120**	5.4	**332,708**	**356,228**	**382,881**

Cash Flow (US$m)	01/24	01/25	01/26	01/27E	%ch	01/28E	%ch	01/29E	01/30E	01/31E
Net income (before pref divs)	17,903	20,238	21,173	22,913	8.2	29,185	27.4	33,664	38,169	41,707
Depreciation & amortisation	11,853	12,973	14,203	14,993	5.6	15,711	4.8	16,378	16,995	17,666
Net change in working capital	1,943	181	752	2,996	298.4	3,116	4.0	2,220	2,151	2,354
Other operating	2,467	2,254	6,356	0	-	0	-	0	0	0
Operating cash flow	**34,166**	**35,646**	**42,484**	**40,902**	-3.7	**48,012**	17.4	**52,262**	**57,315**	**61,727**
Tangible capital expenditure	(20,606)	(23,783)	(26,642)	(26,237)	1.5	(26,709)	-1.8	(27,843)	(28,041)	(28,265)
Intangible capital expenditure	0	0	0	0	-	0	-	0	0	0
Net (acquisitions) & disposals	0	0	0	0	-	0	-	0	0	0
Other investing	(681)	2,404	292	1,131	287.4	537	-52.5	591	650	715
Investing cash flow	**(21,287)**	**(21,379)**	**(26,350)**	**(25,106)**	4.7	**(26,172)**	-4.2	**(27,252)**	**(27,391)**	**(27,550)**
Equity dividends paid	(6,140)	(6,688)	(7,507)	(8,077)	-7.6	(8,604)	-6.5	(9,201)	(9,848)	(10,545)
Share issues / (buybacks)	(2,779)	(4,494)	(8,088)	(10,000)	-23.6	(10,000)	0.0	(10,000)	(10,000)	(10,000)
Other financing	(5,757)	(2,384)	(2,839)	0	-	0	-	0	0	0
Change in debt & pref shares	1,262	(1,256)	4,881	0	-	0	-	0	0	0
Financing cash flow	**(13,414)**	**(14,822)**	**(13,553)**	**(18,077)**	-33.4	**(18,604)**	-2.9	**(19,201)**	**(19,848)**	**(20,545)**
Cash flow inc/(dec) in cash	**(535)**	**(555)**	**2,581**	**(2,281)**	-	**3,236**	-	**5,810**	**10,076**	**13,632**
FX / non cash items	1,777	(275)	(891)	0	-	0	0.0	0	0	0
Balance sheet inc/(dec) in cash	**1,242**	**(830)**	**1,690**	**(2,281)**	-	**3,236**	-	**5,810**	**10,076**	**13,632**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.[1] Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

Walmart Inc (WMT.O)

Valuation (x)	01/24	01/25	01/26	01/27E	01/28E	01/29E	01/30E	01/31E
P/E (local GAAP, diluted)	23.3	29.3	38.3	45.7	35.6	30.6	26.8	24.4
P/E (UBS, diluted)	23.3	29.3	38.3	45.7	35.6	30.6	26.8	24.4
P/CEPS	14.0	17.9	22.8	27.6	23.1	20.6	18.5	17.1
Equity FCF (UBS) yield %	3.2	2.0	2.0	1.4	2.0	2.3	2.8	3.2
Dividend yield (net) %	1.5	1.1	0.9	0.8	0.8	0.9	1.0	1.0
P/BV	5.0	6.5	8.1	9.9	8.9	7.8	6.8	5.9
EV/revenues (core)	0.7	0.9	1.2	1.4	1.4	1.3	1.3	1.2
EV/EBITDA (UBS core)	11.4	14.6	18.6	22.3	18.9	16.8	15.1	13.9
EV/EBIT (core)	16.4	21.0	27.1	32.2	26.1	22.6	19.9	18.1
EV/OpFCF (core)	12.8	17.4	22.1	24.8	20.7	18.6	16.6	15.1
EV/op. invested capital	3.9	5.1	6.4	7.7	7.3	6.8	6.4	6.0

Enterprise value (US$m)	01/24	01/25	01/26	01/27E	01/28E	01/29E	01/30E	01/31E
Market cap.	417,933	591,865	808,783	1,048,984	1,048,984	1,048,984	1,048,984	1,048,984
Net debt (cash)	26,770	27,288	28,963	31,798	31,652	27,449	19,802	8,246
Buy out of minorities	0	0	0	0	0	0	0	0
Pension provisions/other	0	0	0	0	0	0	0	0
Total enterprise value	**444,703**	**619,152**	**837,745**	**1,080,782**	**1,080,635**	**1,076,433**	**1,068,786**	**1,057,229**
Non core assets	0	0	0	0	0	0	0	0
Core enterprise value	**444,703**	**619,152**	**837,745**	**1,080,782**	**1,080,635**	**1,076,433**	**1,068,786**	**1,057,229**

Growth (%)	01/24	01/25	01/26	01/27E	01/28E	01/29E	01/30E	01/31E
Revenue	6.0	5.1	4.7	5.1	4.8	4.2	3.8	3.9
EBITDA (UBS)	9.6	9.0	6.3	7.5	17.7	12.1	10.4	7.7
EBIT (UBS)	10.2	8.9	4.9	8.4	23.5	15.1	12.7	8.9
EPS (UBS, diluted)	5.4	13.4	5.4	9.1	28.5	16.3	14.2	10.0
Net DPS	1.8	9.5	13.0	8.1	7.5	7.8	7.8	7.8

Margins & Profitability (%)	01/24	01/25	01/26	01/27E	01/28E	01/29E	01/30E	01/31E
Gross profit margin	24.4	24.9	24.9	25.0	25.5	25.9	26.2	26.4
EBITDA margin	6.0	6.2	6.3	6.5	7.3	7.8	8.3	8.6
EBIT (UBS) margin	4.2	4.3	4.3	4.5	5.3	5.8	6.3	6.6
Net earnings (UBS) margin	2.8	3.0	3.0	3.1	3.7	4.1	4.5	4.7
ROIC (EBIT)	23.8	24.3	23.7	23.9	27.8	30.2	32.1	33.2
ROIC post tax	17.7	18.6	18.0	18.1	21.1	22.8	24.3	25.1
ROE (UBS)	22.3	23.1	22.2	22.3	26.3	27.1	27.0	25.8

Capital structure & Coverage (x)	01/24	01/25	01/26	01/27E	01/28E	01/29E	01/30E	01/31E
Net debt / EBITDA	0.7	0.6	0.7	0.7	0.5	0.4	0.2	0.0
Net debt / total equity %	30.0	28.2	28.8	29.6	24.6	17.9	9.5	0.9
Net debt / (net debt + total equity) %	23.1	22.0	22.4	22.8	19.7	15.2	8.7	0.9
Net debt/EV %	6.0	4.4	3.5	2.9	2.9	2.5	1.9	0.8
Capex / depreciation %	173.8	183.3	187.6	175.0	170.0	170.0	165.0	160.0
Capex / revenue %	3.2	3.5	3.7	3.5	3.4	3.4	3.3	3.2
EBIT / net interest	13.2	14.3	12.7	12.4	17.7	20.4	23.0	25.1
Dividend cover (UBS)	2.9	3.0	2.8	2.8	3.4	3.7	3.9	4.0
Div. payout ratio (UBS) %	34.3	33.2	35.4	35.3	29.5	27.3	25.8	25.3

Revenues by division (US$m)	01/24	01/25	01/26	01/27E	01/28E	01/29E	01/30E	01/31E
Others	648,125	680,985	713,163	749,636	785,565	818,901	849,725	883,285
Total	**648,125**	**680,985**	**713,163**	**749,636**	**785,565**	**818,901**	**849,725**	**883,285**

EBIT (UBS) by division (US$m)	01/24	01/25	01/26	01/27E	01/28E	01/29E	01/30E	01/31E
Others	27,105	29,504	30,947	33,552	41,444	47,707	53,752	58,524
Total	**27,105**	**29,504**	**30,947**	**33,552**	**41,444**	**47,707**	**53,752**	**58,524**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

Forecast returns

Forecast price appreciation	11.7%
Forecast dividend yield	0.8%
Forecast stock return	12.5%
Market return assumption	8.9%
Forecast excess return	3.6%

Company Description

Walmart Inc. is the largest retailer in the world, with net sales of $568 billion in FY22. As of FY22, Walmart operated about 10,600 retail units around the world, as well as multiple e-commerce sites. Walmart's US operations generate 82% of net sales (including 13% from Sam's Club, Walmart's membership warehouse subsidiary). Walmart International contributes 18% of net sales.

Valuation Method and Risk Statement

As the world's largest retailer Walmart fills a leading role as intermediary between the consumer and product suppliers and manufacturers. As such they are subject to all economic, political, social and substitution risks that could negatively impact both consumers and suppliers. Walmart faces execution and governance risks associated with managing a business that generates nearly half a trillion dollars in sales annually, driven by 200 million transactions per week across 28 countries and facilitated by over 2 million employees. Pressure on consumer incomes in its key markets could pressure sales, profits and its share price. Competitive brick and mortar openings, increased competition from online retailers and price competition could affect its performance. If Walmart fails to evolve its retailing capabilities to incorporate ecommerce, its sales and profits could be affected. Walmart's profits could be affected by increased commodity prices, distribution WMTs and labor WMT. Cutting its SG&A too far could affect its gross profit generating abilities if it hurts the customer shopping experience (long cashier lines, out-of-stocks, unclean stores). Walmart will likely continue to enter new international markets, which requires risk of investor capital with added risks from country specific execution, foreign exchange, and political risks. Our PT is based on a multiple analysis.

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Quantitative Research Review

UBS Global Research publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. The views for this month can be found below. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For previous responses please make reference to (i) previous UBS Global Research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on ubs-quant-answers@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research Team on the email above.

Walmart Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	N/A
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	N/A
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	N/A
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	N/A
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	N/A
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	No Catalyst
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	N/A
11. What is the catalyst?	

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12-Month Rating	Definition	Coverage[1]	IB Services[2]
Buy	FSR is > 6% above the MRA.	54%	24%
Neutral	FSR is between -6% and 6% of the MRA.	40%	21%
Sell	FSR is > 6% below the MRA.	6%	21%

Source: UBS. Rating allocations are as of 31 March 2026.
1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.

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Company Name	Reuters	12-month rating	Price	Price date
Walmart Inc[16,28]	WMT.O	Buy	US$131.60	01 May 2026

Source: UBS Global Research; LSEG Eikon. All prices as of local market close. Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.

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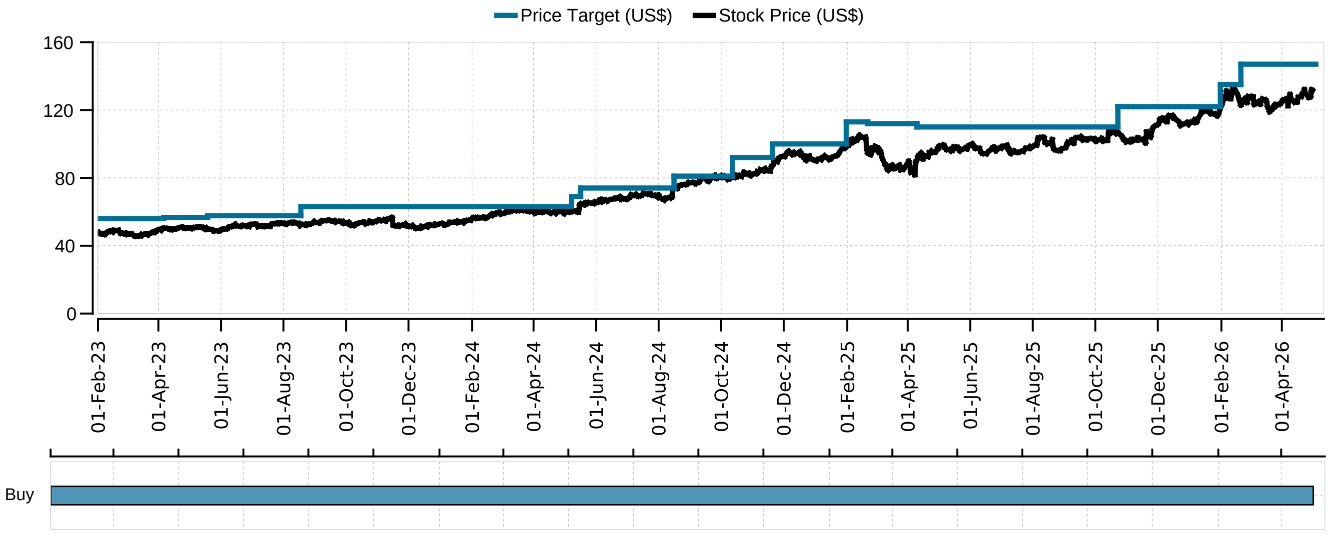
Walmart Inc (US$)



Date	Stock Price (US$)	Price Target (US$)	Rating
2023-02-01	48.22	56.00	Buy
2023-04-05	49.89	56.667	Buy
2023-05-18	50.49	57.667	Buy
2023-08-17	51.90	63.00	Buy
2024-05-07	60.62	69.00	Buy
2024-05-16	64.01	74.00	Buy
2024-08-15	73.18	81.00	Buy
2024-10-11	80.10	92.00	Buy
2024-11-19	86.60	100.00	Buy
2025-01-30	98.65	113.00	Buy
2025-02-20	97.21	112.00	Buy
2025-04-09	89.60	110.00	Buy
2025-10-22	107.14	122.00	Buy
2026-01-30	119.14	135.00	Buy
2026-02-19	124.87	147.00	Buy

Source: UBS Global Research; LSEG Eikon as of 01-May-2026. All prices as of local market close. Ratings as of date shown.

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