

Finance

Wal-Mart Stores, Inc. (NYSE: WMT) 18th Annual Meeting for the Investment Community



Charles Holley
Chief Financial Officer

Today's headlines

- **Momentum – improving comps and performance**
- **Disciplined growth**
- **5-year SG&A leverage of 100+ bps**
- **Strong earnings and returns to shareholders**



What we said about growth...

- **Walmart U.S. is increasing comp sales**



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- **Sam's is accelerating differentiation to drive comps**



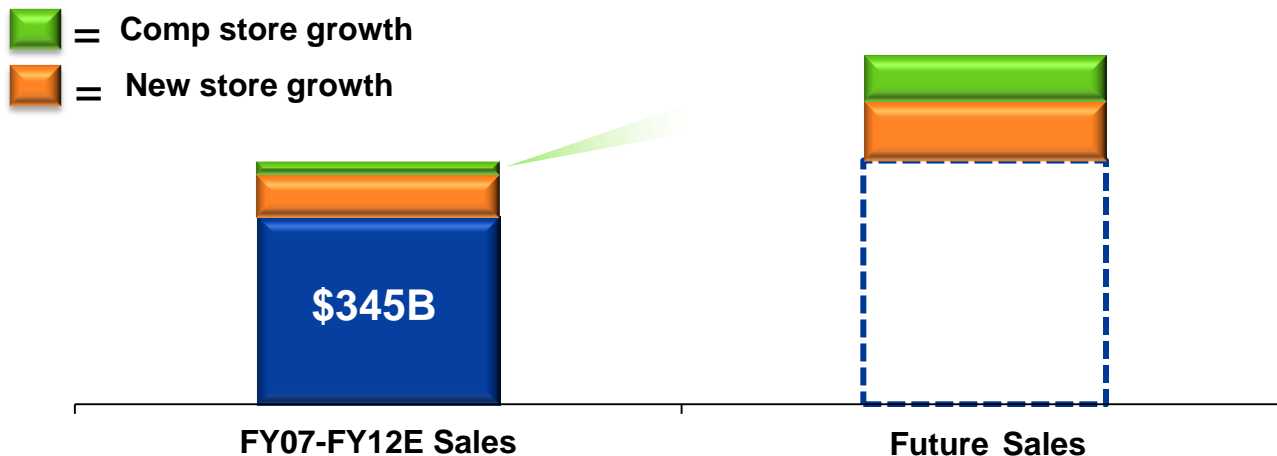
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- Walmart U.S. is increasing comp sales
- Sam's is accelerating differentiation to drive comps
- **International growth is driven by emerging markets**



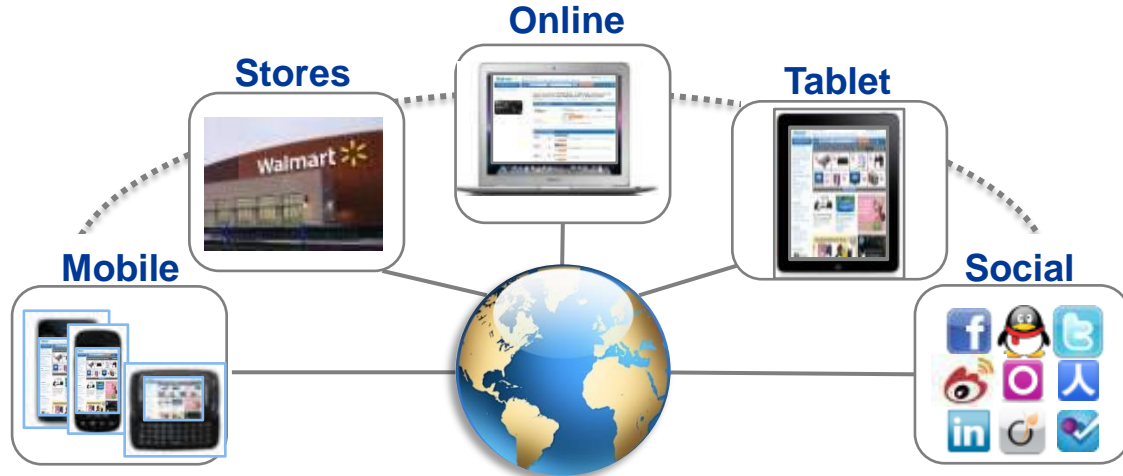
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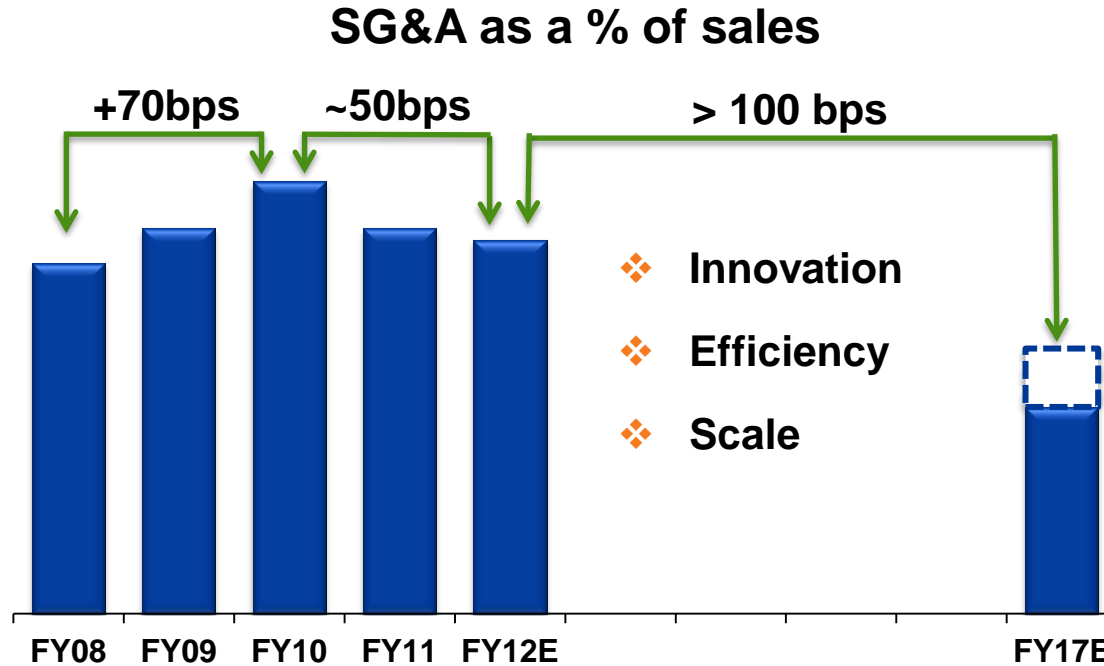


What we said about growth...

- Walmart U.S. is increasing comp sales
- Sam's is accelerating differentiation to drive comps
- International growth is driven by emerging markets
- **Global eCommerce innovations are driving greater sales and integration with stores**



We will reduce SG&A expenses as a percentage of sales by more than 100 bps over the next 5 years

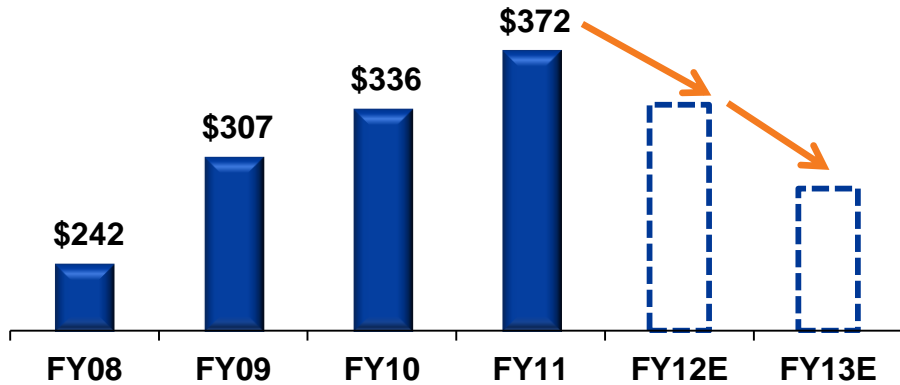


Note: FY17 not drawn to scale; Source: Company financials

We are committed to capital productivity through innovation and efficiency



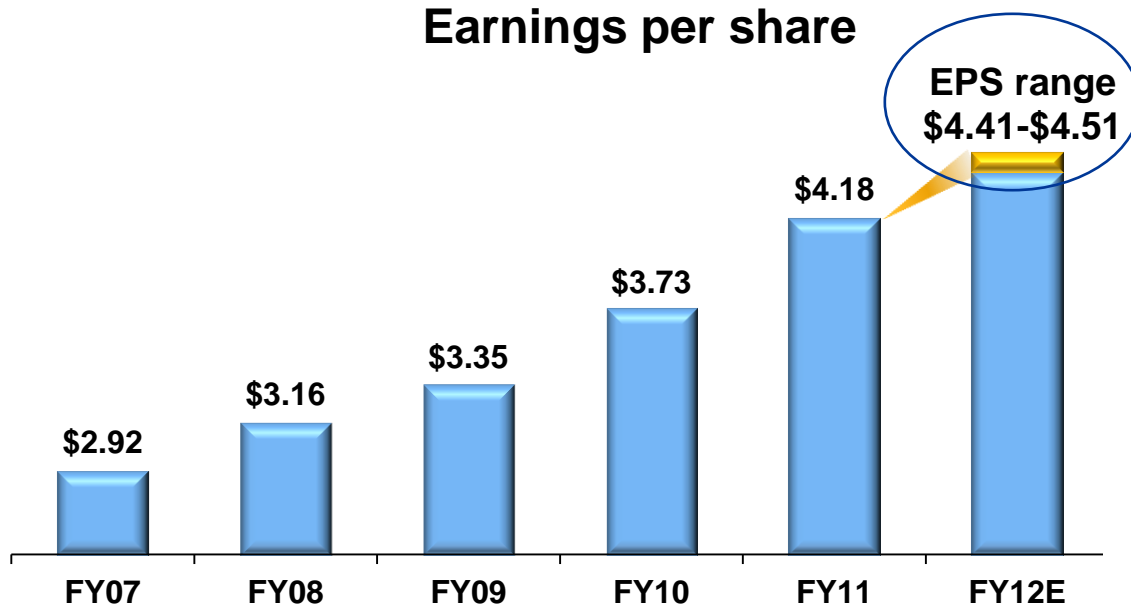
Total capex / square foot added



Note: FY12 and FY13 not drawn to scale

Growth and leverage initiatives will drive EPS growth

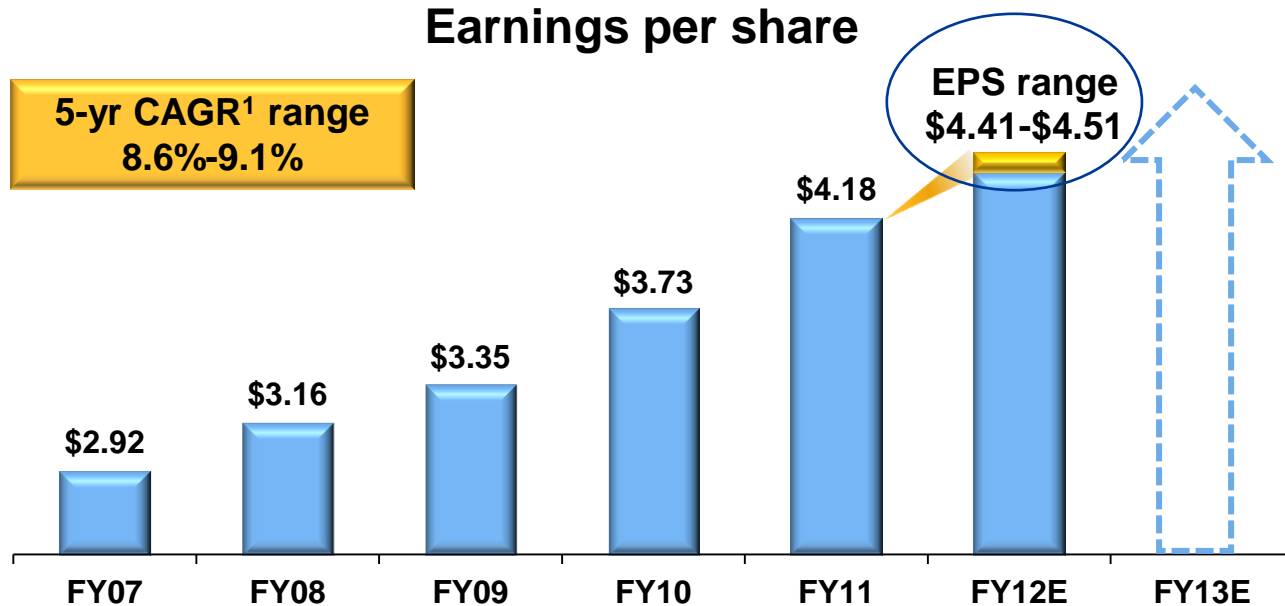
- Earnings remain strong and consistent in any economic environment



Note: FY13 not drawn to scale; Source: EPS based on internal forecasts and are dependent on actual share repurchase completed and potential acquisitions; Guidance as of 8/16/2011; CAGR range is based on FY07-FY12 EPS

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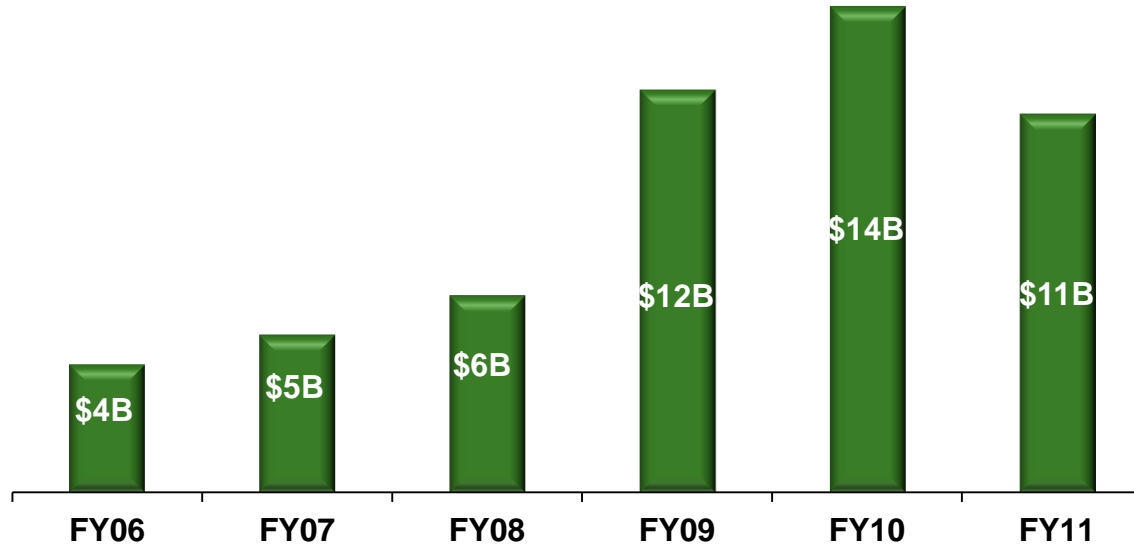


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We will generate substantial free cash flow²



Free cash flow

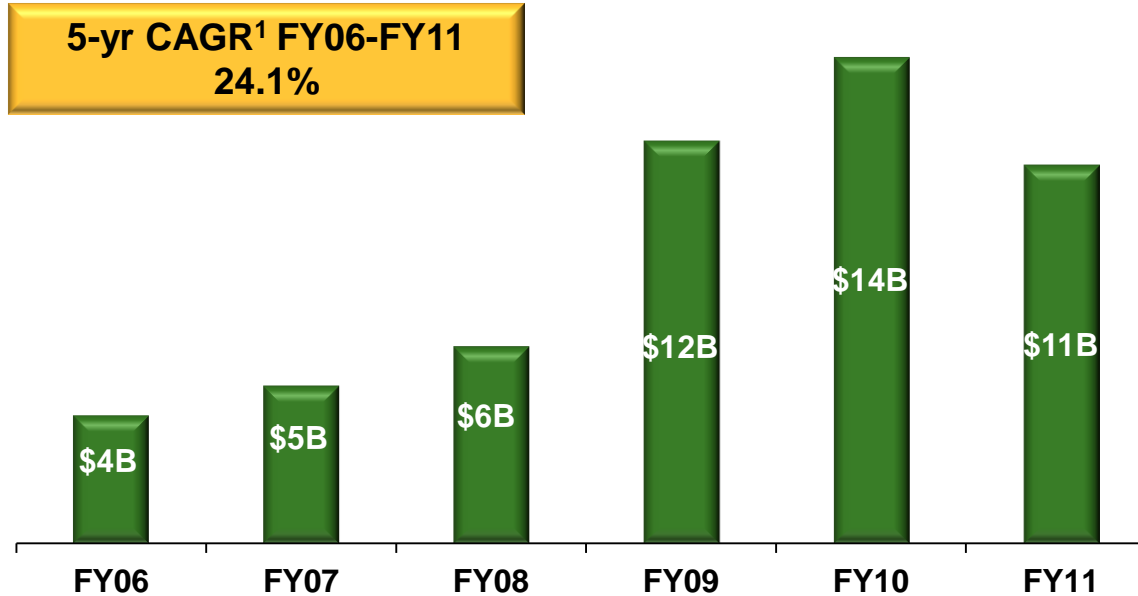


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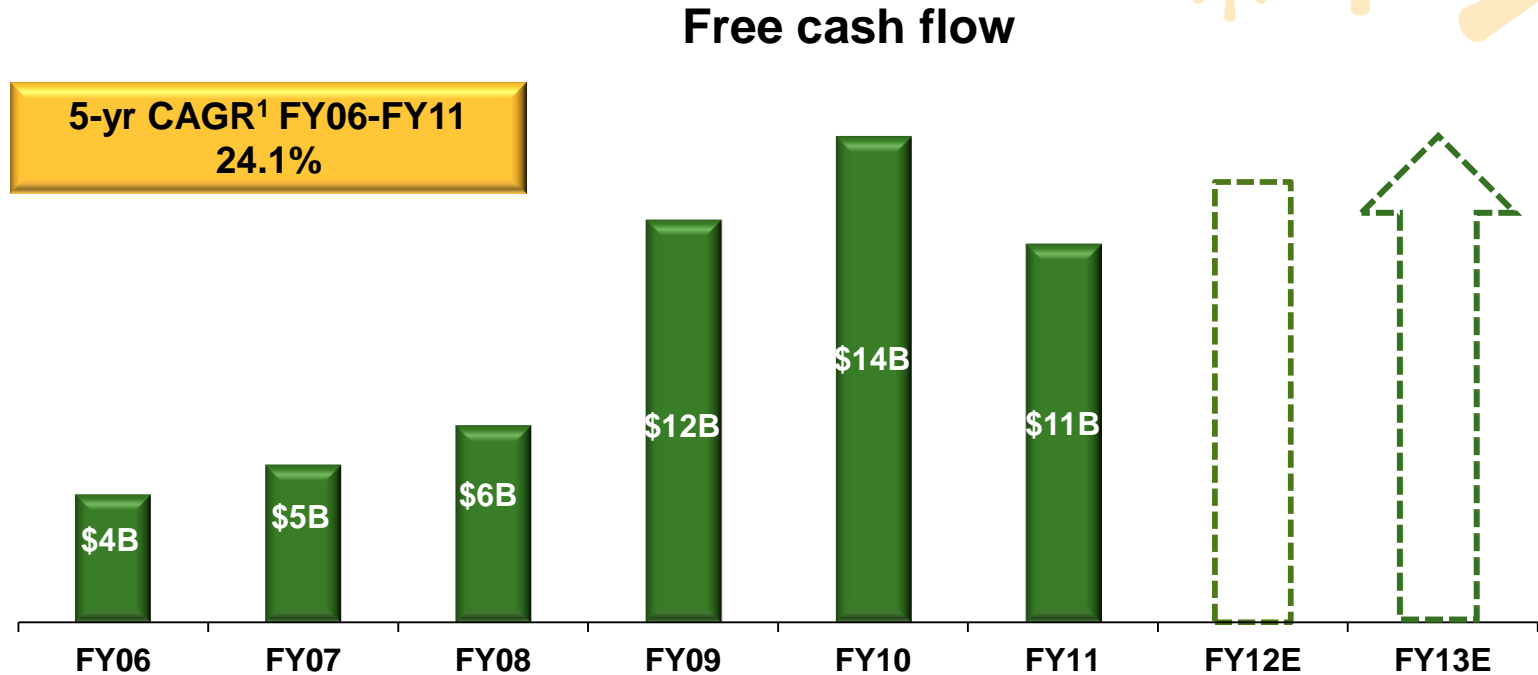


Free cash flow



Note: FY12 and FY13 not drawn to scale

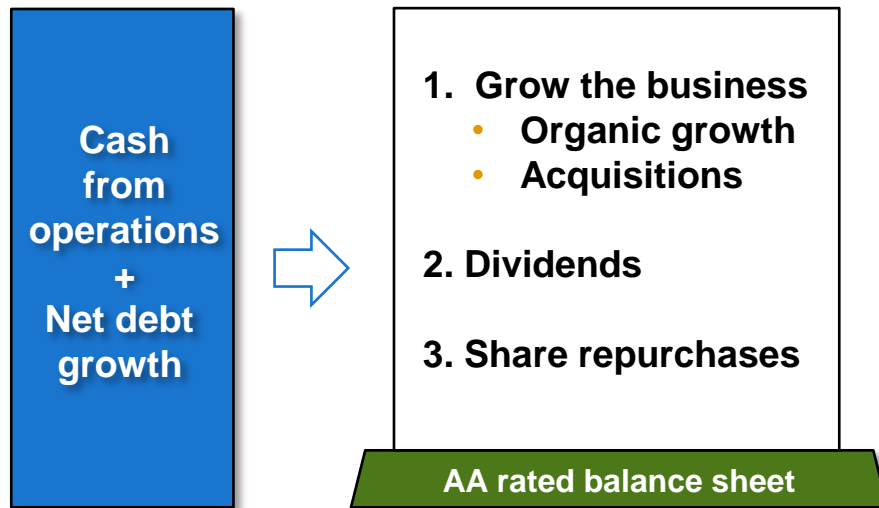
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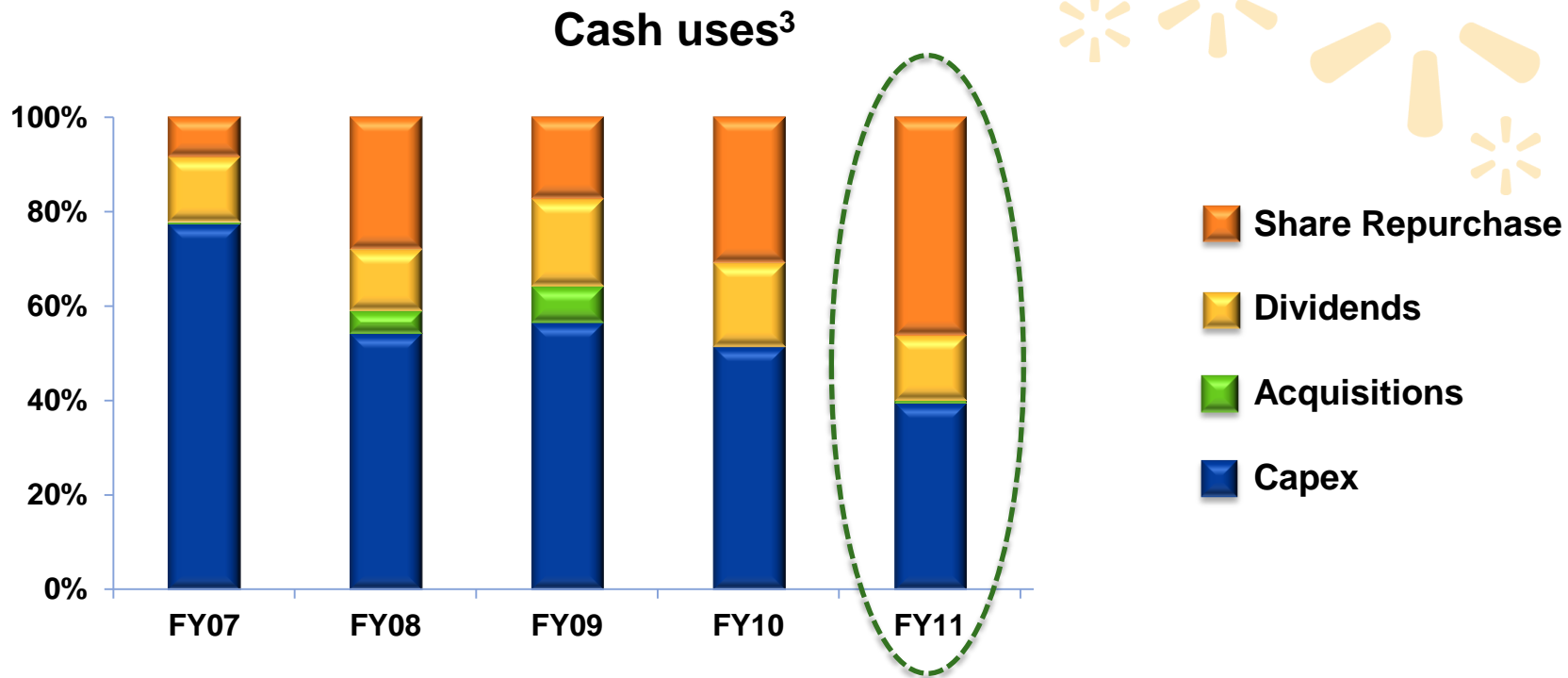
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We will maintain a strong balance sheet

- Committed to AA Rating
- Prioritizing cash to balance growth and returns

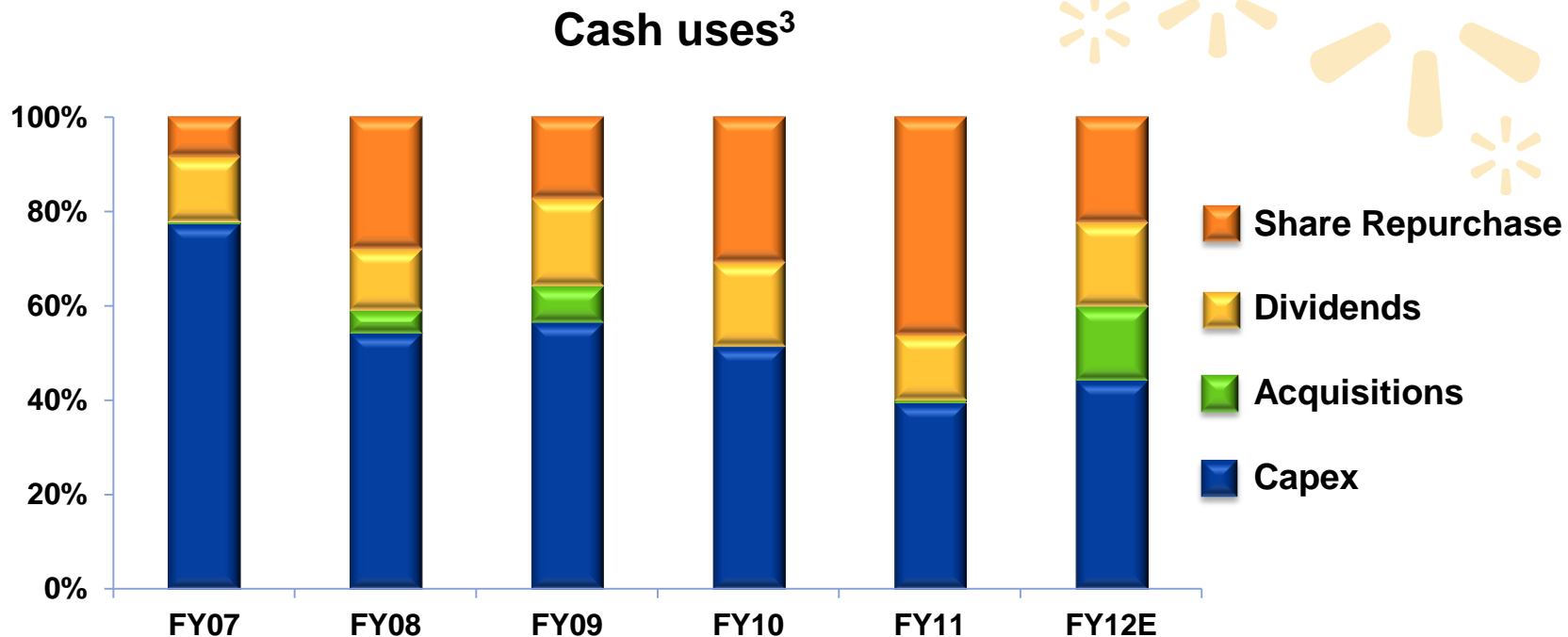


We give back to our shareholders



Note: FY12 estimate based on midpoint of capex⁷ range and excludes acquisition related capex

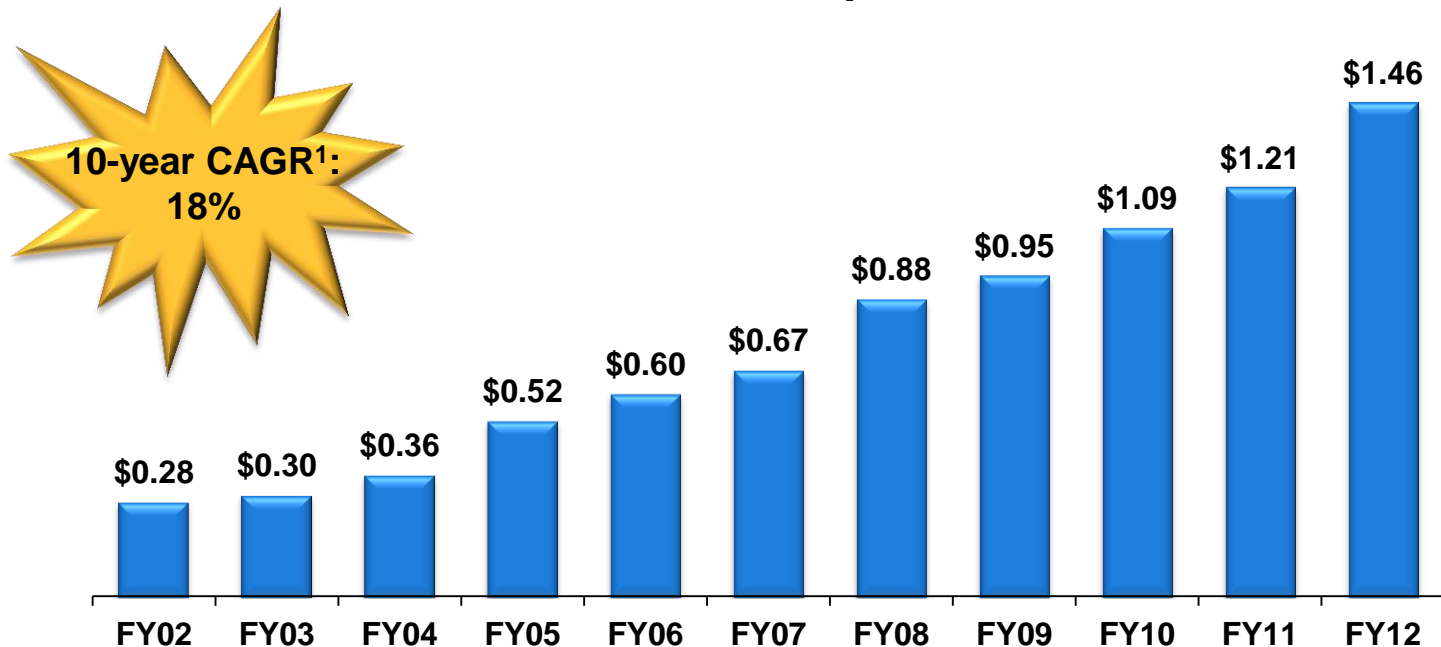
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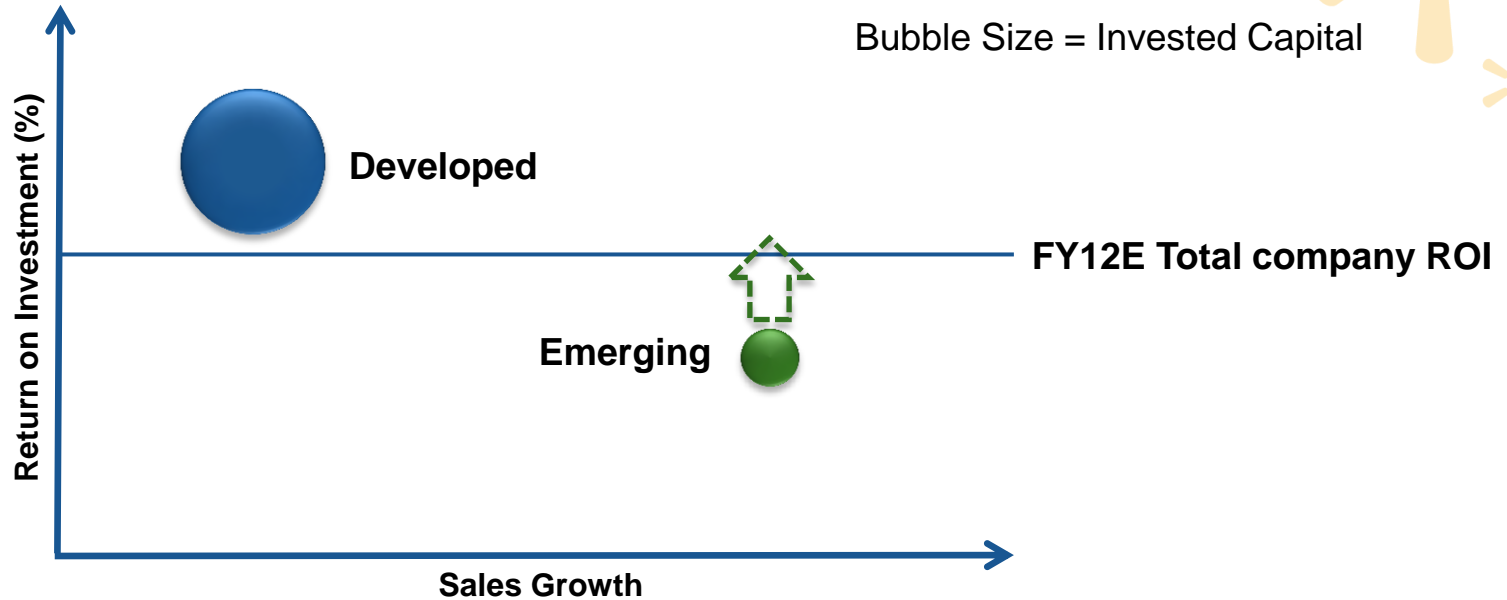
We give back to our shareholders

Annual dividend per share



Note: FY12 is based on declared dividend

We will have stable developed market ROI⁴ with solid growth in emerging markets



Note: Not drawn to scale








Developed: Walmart U.S., Sam's, Canada, Japan and UK; Emerging: Walmex, Argentina, Brazil, Chile, China, India, Africa



Financial Projections



WMT Financial report card

Financial Priorities	Metrics	FY12 Guidance	FY12 YTD scorecard
Growth	Sales growth	4% - 6%	
	Square footage growth ⁵	3% - 4%	
Leverage	SG&A growth ⁶	< Sales	
	Operating income growth	> Sales	
Returns	ROI ⁴	Stable	 / 
	Free cash flow ²	Strong	

FY13 Guidance

Financial Priorities	Metrics	FY13 Guidance
Growth	Sales growth	5 - 7%
	Square footage growth ⁵	4 - 5%



FY13 Guidance

Financial Priorities	Metrics	FY13 Guidance	FY13 \$ / sq ft
Growth	Sales growth	5 - 7%	~ \$22B - \$31B
	Square footage growth ⁵	4 - 5%	~ 45M - 49M



FY13 Guidance

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	Operating income growth	> Sales	

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Growth	Sales growth	5 - 7%	~ \$22B - \$31B
	Square footage growth ⁵	4 - 5%	~ 45M - 49M
Leverage	SG&A growth ⁶	< Sales	
	Operating income growth	> Sales	
Returns	ROI ⁴	Remain high; acquisitions dilutive	
	Free cash flow ²	Strong	

Capital Expenditures⁷

	FY11 Actual	FY12 Guidance*
Walmart U.S.	\$7.3B	\$6.5 - \$7.0B
Walmart Int'l	\$3.9B	\$4.0 - \$4.5B
Sam's Club	\$0.7B	~\$1.0B
Corporate and other	\$0.8B	~\$1.0B
Total Walmart	\$12.7B	\$12.5 - \$13.5B



* Guidance reissued in Q4 FY11

Capital Expenditures⁷



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Total Walmart	\$12.7B	\$12.5 - \$13.5B
Massmart and Netto		~\$0.5B
Total Walmart w/acquisition-related capex	\$12.7B	\$13.0 - \$14.0B
Total Sq Ft		36M - 39M

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Capital Expenditures⁷

	FY11 Actual	FY12 Guidance*	FY13 Guidance	FY12 – 13 % Change**
Walmart U.S.	\$7.3B	\$6.5 - \$7.0B	\$6.0 - \$6.5B	-7.4%
Walmart Int'l	\$3.9B	\$4.0 - \$4.5B	\$4.5 - \$5.0B	11.8%
Sam's Club	\$0.7B	~\$1.0B	~\$1.0B	-
Corporate and other	\$0.8B	~\$1.0B	~\$1.0B	-
Total Walmart	\$12.7B	\$12.5 - \$13.5B	\$12.5 - \$13.5B	-
Massmart, Netto, and Zellers		~\$0.5B	~\$0.5B	
Total Walmart w/acquisition- related capex	\$12.7B	\$13.0 - \$14.0B	\$13.0 - \$14.0B	-
Total Sq Ft		36M - 39M	45M - 49M	

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** FY12 – FY13 capex⁷ growth rates based on midpoint of specified range

Key Takeaways...

Walmart is an excellent investment

- **\$22-\$31B new sales growth**
- **45-49M new square feet**
- **100+ bps of SG&A leverage over 5 years**
- **U.S. price investment and emerging market profitability**
- **Strong earnings and cash flow growth**
- **Increasing returns to shareholders**



Wal-Mart Stores, Inc. (NYSE: WMT)
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Questions



Appendix

Notes



Notes

1. **CAGR** (compound annual growth rate) – this is the year over year growth rate applied to an investment or other part of a company’s activities over multiple periods. The formula for CAGR is $(\text{Current Value} / \text{Base Value})^{(1/\text{number of years})} - 1$.
2. **Free Cash Flow (FCF)** - Wal-Mart Stores, Inc. defines free cash flow, a non-GAAP financial measure, as net cash provided by operating activities minus payments for property and equipment (as such amounts appear on the pertinent statements of cash flow or equivalent financial statements).

Free Cash Flow Reconciliation

	FY11	FY10	FY09	FY08	FY07	FY06
Net cash provided by operating activities	\$23,643	\$26,249	\$23,147	\$20,642	\$20,280	\$18,343
Payments for property and equipment	(\$12,699)	(\$12,184)	(\$11,499)	(\$14,937)	(\$15,666)	(\$14,530)
Free Cash Flow	\$10,944	\$14,065	\$11,648	\$5,705	\$4,614	\$3,813

3. **% of Cash Uses** - is calculated by dividing each of the four cash uses listed (Share Repurchase, Dividends, Acquisitions, and Capital Expenditures) divided by the sum of those four cash uses for the given year. See following page for a reconciliation.

Notes

Uses of Cash (Slide 13)

	Share Repo	Dividends	Acquisitions	CapEx
FY07	1,718	2,802	68	15,666
FY08	7,691	3,586	1,338	14,937
FY09	3,521	3,746	1,576	11,499
FY10	7,276	4,217	-	12,184
FY11	14,776	4,437	202	12,699
FY12E	6,415	5,085	4,478	12,700

	Share Repo	Dividends	Acquisitions	CapEx
FY07	8%	14%	0%	77%
FY08	28%	13%	5%	54%
FY09	17%	18%	8%	57%
FY10	31%	18%	0%	51%
FY11	46%	14%	1%	40%
FY12E	22%	18%	16%	44%



Notes

- ROI** – Wal-Mart Stores, Inc. has posted its definition of ROI (return on investment), a non-GAAP financial measure, in the Investor Relations section of its corporate website. ROI, as shown in this presentation, was calculated as of the end of fiscal year 2011.

The calculation for fiscal year 2011 ROI appears in the Form 10-K filed by Wal-Mart Stores, Inc. on March 30, 2011. Calculation is shown below. The calculation of ROA (return on assets), the most comparable GAAP financial measurement, is also shown below. Please refer to the Form 10-K to see more information on the footnotes included in the calculations below. A reconciliation is provided for all periods that have been reported in the company's financial statements.

Notes

	2011	2010 As Adjusted ⁽¹⁾
CALCULATION OF RETURN ON INVESTMENT		
Numerator		
Operating income	\$ 25,542	\$ 24,002
+ Interest income	201	181
+ Depreciation and amortization	7,641	7,157
+ Rent	1,972	1,808
= Adjusted operating income	<u>\$ 35,356</u>	<u>\$ 33,148</u>
Denominator		
Average total assets of continuing operations ⁽¹⁾	\$ 175,400	\$ 166,584
+ Average accumulated depreciation and amortization ⁽¹⁾	43,911	38,359
- Average accounts payable ⁽¹⁾	32,004	29,650
- Average accrued liabilities ⁽¹⁾	18,718	18,423
+ Rent * 8	15,776	14,464
= Average invested capital	<u>\$ 184,365</u>	<u>\$ 171,334</u>
Return on investment (ROI)	19.2%	19.3%
CALCULATION OF RETURN ON ASSETS		
Numerator		
Income from continuing operations	\$ 15,959	\$ 14,962
Denominator		
Average total assets of continuing operations	\$ 175,400	\$ 166,584
Return on Assets (ROA)	9.1%	9.0%

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

Notes

- 5. Square Footage Growth** – Square footage projections for fiscal years 2012 and 2013 are approximations and do not include square footage gained during the close of acquisitions, but do include square footage added after the acquisition closed. Square footage increases reflect additions made between February 1 and January 31 of each respective year.
- 6. SG&A Growth** - Wal-Mart Stores, Inc. has disclosed its definition of SG&A expense in the Form 10-K filed by Wal-Mart Stores, Inc. on March 30, 2011.
- 7. Capital Expenditures** (Capex or capital spending) refers to Wal-Mart's payments for property and equipment.
- 8. FY12 or FY13 Projections** - The anticipated, projected, or expected amounts, numbers, or results for the complete fiscal year 2012 and for fiscal year 2013 and beyond discussed in connection with or included in this presentation constitute estimates and projections of Walmart's management and as such, are forward-looking statements. Please refer to Walmart's Safe Harbor Statement provided in conjunction with the presentations at this meeting and read at the beginning of this meeting.