

**Walmart** 

# **2017 Investment Community Meeting**

**Moving With Speed**

# Non-GAAP measures - constant currency

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

The table below reflects the calculation of constant currency for net sales for the six months ended July 31, 2017.

<i>(Dollars in millions)</i>	Six Months Ended July 31,							
	Walmart International				Consolidated			
	2017	2016	\$ Change	Percent Change	2017	2016	\$ Change	Percent Change
<b>Net sales:</b>								
As reported	\$55,428	\$56,704	(1,276)	-2.3%	\$238,475	\$234,391	\$4,084	1.7%
Currency exchange rate fluctuations <sup>1</sup>	2,193	N/A	N/A	N/A	2,193	N/A	N/A	N/A
Constant currency net sales	\$57,621	\$56,704	\$917	1.6%	\$240,668	\$234,391	\$6,277	2.7%

<sup>1</sup> Excludes currency exchange rate fluctuations related to acquisitions until the acquisitions are included in both comparable periods.

# Non-GAAP measures - fuel impact

The comparable sales of Sam's Club and Walmart U.S. for the 26-week period ended July 28, 2017 is a non-GAAP financial measures. We believe the comparable sales for the 26-week period ended July 28, 2017 calculated by including fuel sales for such period, are, respectively, the financial measure computed in accordance with GAAP most directly comparable to the non-GAAP financial measures described above.

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

The table below reflects the fuel impact for comparable club sales for the 26-week periods ended July 28, 2017 and July 29, 2016.

	With Fuel		Without Fuel		Fuel Impact	
	26 Weeks Ended		26 Weeks Ended		26 Weeks Ended	
	7/28/2017	7/29/2016	7/28/2017	7/29/2016	7/28/2017	7/29/2016
Walmart U.S.	1.7%	1.3%	1.6%	1.3%	0.1%	0.0%
Sam's Club	2.2%	-1.5%	1.4%	0.3%	0.8%	-1.8%

# Non-GAAP measures - adjusted EPS

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

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

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

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

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

# Non-GAAP measures - adjusted EPS guidance

Adjusted EPS Guidance is considered a non-GAAP financial measure. Management believes that Adjusted EPS Guidance for Fiscal 2018 is a meaningful metric to share with investors because that metric, which adjusts EPS for certain items to be recorded in the period, is the metric that best allows comparison of the expected performance for Fiscal 2018 to the comparable prior period. In addition, the metric affords investors a view of what management is forecasting for Walmart's core earnings performance for Fiscal 2018 and also affords investors the ability to make a more informed assessment of the core earnings performance for the comparable period.

We have calculated Adjusted EPS Guidance for Fiscal 2018 by adjusting for the amount of the impact of: (1) the Q2 loss on the early extinguishment of certain debt and (2) the gain on the sale of Suburbia in Mexico.

<b>Fiscal 2018</b>				
<b>Diluted net income per share:</b>				
Forecasted EPS <sup>1</sup>	\$4.18 - \$4.28			
<b>Adjustments:</b>	<b>Pre-Tax</b>	<b>Tax</b>	<b>NCI</b>	<b>Net Impact</b>
Loss on Early Extinguishment of Debt	\$0.26	-\$0.09	\$—	\$0.17
Gain on Sale of Suburbia	-0.13	0.04	0.04	-0.05
<b>Net adjustments</b>				<b>\$0.12</b>
<b>Adjusted EPS Guidance<sup>1</sup></b>	<b>\$4.30 - \$4.40</b>			

<sup>1</sup> Excludes the impact of any additional charge on extinguishment of debt in fiscal 2018 expected to be associated with the debt tender offer announced on October 6, 2017, as well as the impact of other strategic decisions that could occur during fiscal year 2018.

<sup>2</sup> Calculated based on nature of item and statutory rate in effect for relevant jurisdiction.

<sup>3</sup> Calculated based on the ownership percentages of the noncontrolling interest at Walmex.

<sup>4</sup> Related to Debt Tender Offer announced on June 15, 2017.