

Walmart (WMT) Fiscal 4Q17 Results: Solid Quarter and Comps, Strong E-Commerce

Figure 1. Walmart Fiscal 4Q17 Key Metrics

	FY4Q17	FY4Q16	YoY Change
Revenues (USD Bil.)	\$130.9	\$129.7	1.0%
Gross Margin	25.4%	25.2%	16 bps
SG&A/Sales	20.6%	20.1%	54 bps
Operating Margin	4.7%	5.1%	(38) bps
Adjusted EPS (USD)	\$1.30	\$1.43	(9.2)%

Source: Company reports/Fung Global Retail & Technology

- Walmart reported fiscal 4Q17 adjusted EPS of \$1.30, down from \$1.43 in the year-ago quarter but above the \$1.28 consensus estimate. Total revenues were \$130.9 billion, up 1.0% year over year and slightly below the \$131.1 billion consensus estimate.
- US comp sales increased by 1.8%, ahead of the 1.3% consensus estimate. E-commerce sales grew by 29.0%, helped by the acquisition of Jet.com. Gross merchandise value (GMV) grew by 36.1%.
- The company's FY18 EPS guidance of \$4.20–\$4.40 was in line with the \$4.32 consensus estimate, and its fiscal 1Q18 EPS guidance of \$0.90–\$1.00 was in line with the \$0.96 consensus estimate.

Fiscal 4Q17 Results

Walmart reported fiscal 4Q17 total revenues of \$130.9 billion, up 1.0% year over year but slightly below the \$131.1 billion consensus estimate. Total revenues excluding currency effects were \$133.6 billion, an increase of 3.0%.

E-commerce sales and GMV increased by 29.0% and 36.1%, respectively, including contributions from Jet.com (which was acquired in September 2016) and online grocery.

Adjusted EPS was \$1.30, compared with \$1.43 in the year-ago quarter and above the \$1.28 consensus estimate. GAAP EPS was \$1.22, which includes a charge of \$0.08 per share for discontinued real estate projects and severance in the US.

Segment Details

- **Walmart US** revenue was \$83.7 billion, driven by a 1.8% increase in Walmart US comp sales, which exceeded the consensus estimate of a 1.3% increase. Comps were driven by a 1.4% traffic increase. Neighborhood Market comps increased by 5.3%.
- **Walmart International** reported net sales of \$31.0 billion, a decrease of 5.1%. Net sales excluding currency effects were \$33.7 billion, an increase of 3.0%.
- **Sam's Club** reported net sales of \$15.0 billion, up 1.0% year over year. Comp sales increased by 2.4%, driven by a 1.2% traffic increase and a 1.2% ticket increase.



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FY17 Results

For FY17, Walmart's revenues were \$485.9 billion, up 0.8% from \$482.1 billion the prior year. Total revenue excluding currency effects was \$496.9 billion, an increase of 3.1%.

Adjusted EPS for the year was \$4.32, compared with \$4.57 the prior year. GAAP EPS, which includes a \$0.14 per-share gain on the sale of Yihaodian in China and the aforementioned \$0.08 charge, was \$4.38. Membership and other income was \$4.6 billion in the year, up 29.6%.

Outlook

For FY18, Walmart expects:

- EPS of \$4.20–\$4.40, in line with the \$4.32 consensus estimate.

For fiscal 1Q18, Walmart expects:

- EPS of \$0.90–\$1.00, in line with the \$0.96 consensus estimate.
- Comp sales growth of 1.0%–1.5% for Walmart US and 1.0% (excluding fuel) for Sam's Club.



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