

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 or 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported):
August 16, 2018

Walmart Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction of Incorporation)

001-06991
(Commission File Number)

71-0415188
(IRS Employer Identification No.)

702 S.W. 8th Street
Bentonville, Arkansas 72716-0215
(Address of Principal Executive Offices) (Zip code)

Registrant's telephone number, including area code:
(479) 273-4000

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Emerging growth company

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

Item 2.02. Results of Operations and Financial Condition.

In accordance with Item 2.02 of Form 8-K of the Securities and Exchange Commission (the "SEC"), Walmart Inc., a Delaware corporation (the "Company"), is furnishing to the SEC a press release that the Company will issue on August 16, 2018 (the "Press Release") and a financial presentation that will be first posted by the Company on the Company's website at <http://stock.walmart.com> on August 16, 2018 (the "Financial Presentation"). The Press Release and the Financial Presentation will disclose information regarding the Company's results of operations for the three and six months ended July 31, 2018, and the Company's financial condition as of July 31, 2018.

In accordance with General Instruction B.2 of Form 8-K, the information in this Item 2.02 of this Current Report on Form 8-K, including Exhibits 99.1 and 99.2 hereto, which are furnished herewith pursuant to and relate to this Item 2.02, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise be subject to the liabilities of Section 18 of the Exchange Act. The information in this Item 2.02 of this Current Report on Form 8-K and Exhibits 99.1 and 99.2 hereto shall not be incorporated by reference into any filing or other document filed by the Company with the SEC pursuant to the Securities Act of 1933, as amended, the rules and regulations of the SEC thereunder, the Exchange Act, or the rules and regulations of the SEC thereunder except as shall be expressly set forth by specific reference in such filing or document.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

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

99.1 [Press Release](#)

99.2 [Financial Presentation](#)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: August 16, 2018

WALMART INC.

By: /s/ M. Brett Biggs
Name: M. Brett Biggs
Title: Executive Vice President and
Chief Financial Officer



**Walmart U.S. Q2 comps ¹ grew 4.5% and Walmart U.S. eCommerce sales grew 40%,
Q2 GAAP net loss per share of \$0.29; Adjusted EPS ² of \$1.29,
Walmart updates guidance for FY'19 GAAP EPS to \$2.90 to \$3.05, ex. Flipkart ³
Walmart raises guidance for FY'19 Adjusted EPS ² to \$4.90 to \$5.05, ex. Flipkart ³**

- ✦ Total revenue was \$128.0 billion, an increase of \$4.7 billion, or 3.8%. Excluding currency ², total revenue was \$127.8 billion, an increase of \$4.4 billion, or 3.6%.
- ✦ Walmart U.S. comp sales ¹ increased 4.5%, the strongest growth in more than ten years led by the performance of grocery, apparel and seasonal. Strong comp sales were supported by traffic and ticket growth as each exceeded 2.0%.
- ✦ Walmart U.S. omni-channel saw significant progress with an expanded online assortment, including 1,100 popular new brands. Grocery pickup is now in more than 1,800 locations, and the company is on track to reach about 40% of the U.S. population by year-end with grocery delivery.
- ✦ Sam's Club comp sales ¹ increased 5.0% ⁴, the strongest growth in six years.
- ✦ Net sales at Walmart International were \$29.5 billion, an increase of 4.0%. Excluding currency ², net sales were \$29.2 billion, an increase of 3.1%. Comp sales were positive in the four largest markets.
- ✦ Adjusted EPS ² excludes the impact of three items:
 - Charge of \$1.51 related to the sale of a majority stake in Walmart Brazil
 - Negative impact of \$0.04 due to an adjustment in the provisional amount related to Tax Reform
 - Unrealized loss of \$0.03 on the company's equity investment in JD.com

"Thanks to the hard work of our associates, we had a great quarter with strong results and momentum across the business. We're pleased with how customers are responding to the way we're leveraging stores and eCommerce to make shopping faster and more convenient. We're continuing to aggressively roll out grocery pickup and delivery in the U.S., and we recently announced expanded omni-channel initiatives in China and Mexico. Customers have choices and we're making it easier than ever for them to choose Walmart."

Doug McMillon
President and CEO, Walmart

Key results

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

Walmart	Q2 FY19	Q2 FY18	Change	
Revenue	\$128.0	\$123.4	\$4.7	3.8%
Revenue (constant currency) ²	\$127.8	\$123.4	\$4.4	3.6%
Operating income	\$5.8	\$6.0	-\$0.2	-3.7%
Operating income (constant currency) ²	\$5.7	\$6.0	-\$0.2	-4.0%

Free Cash Flow	YTD FY19	\$ Change	Returns to Shareholders	Q2 FY19	% Change
Operating cash flow	\$11.1	-\$0.3	Dividends	\$1.5	-0.3%
Capital expenditures	\$4.3	-\$0.1	Share repurchases ⁵	\$1.3	-42.3%
Free cash flow ²	\$6.8	-\$0.1	Total	\$2.8	-25.3%

¹ 13-week period ended July 27, 2018, compared to 13-week period ended July 28, 2017, and excludes fuel. See Supplemental Financial Information for additional information.

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

³ Guidance does not incorporate the previously provided estimated impact for Flipkart, which included the incremental interest expense to fund the transaction, as the transaction has not yet closed.

⁴ Tobacco sales negatively impacted Sam's Club's comparable sales by approximately 150 basis points.

⁵ \$16.9 billion remaining of the \$20 billion authorization approved in October 2017. The company repurchased approximately 15.3 million shares in Q2.

Guidance

The following guidance reflects the company's expectations for fiscal year 2019. Assumptions in today's guidance include that economic conditions, currency rates and the tax and regulatory landscape in our largest markets remain generally consistent. Additionally, the guidance does not include the expected impact of the company's investment in Flipkart, including interest related to the purchase, as the transaction has not yet closed.

Metric	Updated FY19 Guidance	Original FY19 Guidance
Consolidated net sales	About 2% in constant currency, impacted by: <ul style="list-style-type: none"> Sale of a majority stake in Walmart Brazil Sam's Club closures and tobacco actions Wind-down of first-party Brazil eCommerce Divestiture of Suburbia Combined impact: -180 bps	+1.5 to +2% in constant currency, impacted by: <ul style="list-style-type: none"> Sam's Club closures and tobacco actions Wind-down of first party Brazil eCommerce Divestiture of Suburbia Combined impact: -140 bps
Comp sales (ex. fuel)	<ul style="list-style-type: none"> Walmart U.S.: around +3% Sam's Club: around +3%, with negative impact from tobacco of 200 bps 	<ul style="list-style-type: none"> Walmart U.S.: at least 2% Sam's Club: -1% to flat, with negative impact from tobacco of 400 bps
Walmart U.S. eCommerce net sales	Approximately 40%	Approximately 40%
Walmart International net sales	About 0.7% in constant currency, impacted by: <ul style="list-style-type: none"> Sale of a majority stake in Walmart Brazil Wind-down of first-party Brazil eCommerce Divestiture of Suburbia Combined impact: -330 bps	+3% in constant currency, impacted by: <ul style="list-style-type: none"> Wind-down of first-party Brazil eCommerce Divestiture of Suburbia Combined impact: -63 bps
Consolidated operating income, adjusted ³	Flat to slight percentage decrease ³	Low single-digit percentage decrease ³
Consolidated operating income margin	Around 4.4% in constant currency	4.3% to 4.4% in constant currency
GAAP EPS ¹	\$2.90 to \$3.05	\$4.75 to \$5.00
Adjusted EPS ^{1,2}	\$4.90 to \$5.05 , excluding: <ul style="list-style-type: none"> Sale of a majority stake in Walmart Brazil Unrealized losses on JD.com investment Tax Reform adjustments 	\$4.75 to \$5.00
Effective tax rate	<ul style="list-style-type: none"> 31% - 33%, impacted +700 bps due to the combined impact of unrealized losses on JD.com investment, sale of a majority stake in Walmart Brazil and Tax Reform adjustments For adjusted EPS, 24% to 26% 	24% to 26%

Other gains and losses

Other gains and losses in Q2 fiscal 2019 consists primarily of a \$4.8 billion pre-tax loss related to the sale of a majority stake in Walmart Brazil and a \$94 million unrealized loss on the company's JD.com investment due to a decline in the JD.com stock price during the quarter.

¹ Guidance does not incorporate the previously provided estimated impact for Flipkart, which included the incremental interest expense to fund the transaction, as the transaction has not yet closed.

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

³ Adjusted for discrete items in the prior year. Including discrete items in the prior year, the fiscal 2019 consolidated operating income is expected to result in a high single-digit percentage increase.

Portfolio Repositioning

Thoughtful and deliberate consideration of the company's portfolio of businesses is a key enabler of its strategic framework. Following is an update of recently announced transactions.

Investment in Flipkart Group

- On Aug. 8, 2018, the Competition Commission of India issued an unconditional approval for the company's investment in Flipkart, which satisfies one of the conditions to the closing of the company's investment in Flipkart. The transaction is expected to close as soon as reasonably practicable after the satisfaction or waiver of the remaining closing conditions.

Sale of a majority stake in Walmart Brazil

- On Aug. 1, 2018, the company completed the sale of an 80 percent stake in Walmart Brazil.


Combination of Sainsbury's and Asda, Walmart's U.K. subsidiary


- The previously announced proposed combination of Sainsbury's and Asda is pending regulatory review.


Segment results

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

In the first quarter of fiscal 2019, the company revised its corporate overhead allocations to the operating segments. Accordingly, previous segment operating income was recast to be comparable to the current period.

 Walmart U.S.	Q2 FY19	Q2 FY18	Change	
Net sales	\$82.8	\$78.7	\$4.1	5.2%
Comp sales (ex. fuel) ¹	4.5%	1.8%	270 bps	N/A
✱ Traffic	2.2%	1.3%	90 bps	N/A
✱ Ticket	2.3%	0.5%	180 bps	N/A
✱ eCommerce	~100 bps	~70 bps	~30 bps	N/A
Operating income	\$4.5	\$4.4	\$0.1	1.4%

 Walmart International	Q2 FY19	Q2 FY18	Change	
Net sales	\$29.5	\$28.3	\$1.1	4.0%
Net sales (constant currency) ²	\$29.2	\$28.3	\$0.9	3.1%
Operating income	\$1.3	\$1.6	-\$0.3	-19.1%
Operating income (constant currency) ²	\$1.2	\$1.6	-\$0.3	-20.4%

 Sam's Club	Q2 FY19	Q2 FY18	Change	
Net sales	\$14.8	\$14.9	-\$0.1	-0.6%
Comp sales (ex. fuel) ¹	5.0%	1.2%	380 bps	N/A
✱ Traffic	6.7%	2.1%	460 bps	N/A
✱ Ticket	-1.7%	-0.9%	-80 bps	N/A
✱ eCommerce	~110 bps	~80 bps	~30 bps	N/A
Operating income	\$0.4	\$0.4	\$—	2.8%

¹ 13-week period ended July 27, 2018, compared to 13-week period ended July 28, 2017, and excludes fuel.

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

About Walmart

Walmart Inc. (NYSE: WMT) helps people around the world save money and live better - anytime and anywhere - in retail stores, online, and through their mobile devices. Each week, nearly 265 million customers and members visit our more than 11,200 stores under 55 banners in 27 countries and eCommerce websites. With fiscal year 2018 revenue of \$500.3 billion, Walmart employs over 2.2 million associates worldwide. Walmart continues to be a leader in sustainability, corporate philanthropy and employment opportunity. Additional information about Walmart can be found by visiting <http://corporate.walmart.com>, on Facebook at <http://facebook.com/walmart> and on Twitter at <http://twitter.com/walmart>.

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Forward-Looking Statements

This release contains statements as to Walmart management's guidance regarding earnings per share, adjusted earnings per share, consolidated net sales growth, Walmart U.S. eCommerce sales growth, Walmart International sales growth, capital expenditures and Walmart's effective tax rate for the fiscal year ending January 31, 2019, and comparable sales (excluding fuel) for Walmart U.S. and Sam's Club for the 52 weeks ending January 25, 2019. Walmart believes such statements are "forward-looking statements" as defined in, and are intended to enjoy the protection of the safe harbor for forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Assumptions on which such forward-looking statements are based are also forward-looking statements. Walmart's actual results may differ materially from the guidance provided as a result of changes in circumstances, assumptions not being realized or other risks, uncertainties and factors including:

- economic, geo-political, capital markets and business conditions, trends and events around the world and in the markets in which Walmart operates;
- currency exchange rate fluctuations, changes in market interest rates and commodity prices;
- unemployment levels; competitive pressures; inflation or deflation, generally and in particular product categories;
- consumer confidence, disposable income, credit availability, spending levels, shopping patterns, debt levels and demand for certain merchandise;
- consumer enrollment in health and drug insurance programs and such programs' reimbursement rates;
- the amount of Walmart's net sales denominated in the U.S. dollar and various foreign currencies;
- the impact of acquisitions, investments, divestitures, store or club closures, and other strategic decisions;
- Walmart's ability to successfully integrate acquired businesses, including within the eCommerce space;
- Walmart's effective tax rate and the factors affecting Walmart's effective tax rate, including assessments of certain tax contingencies, valuation allowances, changes in law, administrative audit outcomes, impact of discrete items and the mix of earnings between the U.S. and Walmart's international operations;
- changes in existing tax, labor and other laws and regulations and changes in tax rates, trade agreements, trade restrictions and tariff rates;
- customer traffic and average ticket in Walmart's stores and clubs and on its eCommerce websites;
- the mix of merchandise Walmart sells, the cost of goods it sells and the shrinkage it experiences;
- the amount of Walmart's total sales and operating expenses in the various markets in which it operates;
- transportation, energy and utility costs and the selling prices of gasoline and diesel fuel;
- supply chain disruptions and disruptions in seasonal buying patterns;
- consumer acceptance of and response to Walmart's stores, clubs, digital platforms, programs, merchandise offerings and delivery methods;
- cyber security events affecting Walmart and related costs;
- developments in, outcomes of, and costs incurred in legal or regulatory proceedings to which Walmart is a party;
- casualty and accident-related costs and insurance costs;
- the turnover in Walmart's workforce and labor costs, including healthcare and other benefit costs;
- changes in accounting estimates or judgments;
- the level of public assistance payments;
- natural disasters, public health emergencies, civil disturbances, and terrorist attacks; and
- Walmart's expenditures for Foreign Corrupt Practices Act "FCPA" and other compliance related costs, including the adequacy of the accrual with respect to this matter.

Such risks, uncertainties and factors also include the risks relating to Walmart's strategy, operations and performance and the financial, legal, tax, regulatory, compliance, reputational and other risks discussed in Walmart's most recent annual report on Form 10-K and subsequent quarterly reports on Form 10-Q filed with the SEC. Walmart urges you to consider all of the risks, uncertainties and factors identified above or discussed in such reports carefully in evaluating the forward-looking statements in this release. Walmart cannot assure you that the results reflected or implied by any forward-looking statement will be realized or, even if substantially realized, that those results will have the forecasted or expected consequences and effects for or on Walmart's operations or financial performance. The forward-looking statements made in this release are as of the date of this release. Walmart undertakes no obligation to update these forward-looking statements to reflect subsequent events or circumstances.

Walmart Inc.
Condensed Consolidated Statements of Income
(Unaudited)

	Three Months Ended			Six Months Ended		
	July 31,			July 31,		
<i>(Amounts in millions, except per share data)</i>	2018	2017	Percent Change	2018	2017	Percent Change
Revenues:						
Net sales	\$ 127,059	\$ 121,949	4.2 %	\$ 248,689	\$ 238,475	4.3 %
Membership and other income	969	1,406	(31.1)%	2,029	2,422	(16.2)%
Total revenues	128,028	123,355	3.8 %	250,718	240,897	4.1 %
Costs and expenses:						
Cost of sales	95,571	91,521	4.4 %	187,278	179,209	4.5 %
Operating, selling, general and administrative expenses	26,707	25,865	3.3 %	52,536	50,482	4.1 %
Operating income	5,750	5,969	(3.7)%	10,904	11,206	(2.7)%
Interest:						
Debt	460	522	(11.9)%	897	1,028	(12.7)%
Capital lease and financing obligations	94	91	3.3 %	187	183	2.2 %
Interest income	(51)	(38)	34.2 %	(94)	(73)	28.8 %
Interest, net	503	575	(12.5)%	990	1,138	(13.0)%
Loss on extinguishment of debt	—	788	(100.0)%	—	788	(100.0)%
Other (gains) and losses	4,849	—	N/A	6,694	—	N/A
Income before income taxes	398	4,606	(91.4)%	3,220	9,280	(65.3)%
Provision for income taxes	1,125	1,502	(25.1)%	1,671	3,024	(44.7)%
Consolidated net income (loss)	(727)	3,104	(123.4)%	1,549	6,256	(75.2)%
Consolidated net income attributable to noncontrolling interest	(134)	(205)	(34.6)%	(276)	(318)	(13.2)%
Consolidated net income (loss) attributable to Walmart	\$ (861)	\$ 2,899	(129.7)%	\$ 1,273	\$ 5,938	(78.6)%
Net income (loss) per common share:						
Basic net income (loss) per common share attributable to Walmart	\$ (0.29)	\$ 0.96	(130.2)%	\$ 0.43	\$ 1.97	(78.2)%
Diluted net income (loss) per common share attributable to Walmart	\$ (0.29)	\$ 0.96	(130.2)%	\$ 0.43	\$ 1.96	(78.1)%
Weighted-average common shares outstanding:						
Basic	2,946	3,008		2,948	3,021	
Diluted	2,960	3,021		2,963	3,034	
Dividends declared per common share	\$ —	\$ —		\$ 2.08	\$ 2.04	

Walmart Inc.
Condensed Consolidated Balance Sheets
(Unaudited)

<i>(Amounts in millions)</i>	July 31, 2018	January 31, 2018	July 31, 2017
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 15,840	\$ 6,756	\$ 6,469
Receivables, net	5,002	5,614	5,395
Inventories	41,985	43,783	43,442
Prepaid expenses and other	3,543	3,511	1,457
Total current assets	66,370	59,664	56,763
Property and equipment:			
Property and equipment	182,524	185,154	183,545
Less accumulated depreciation	(78,505)	(77,479)	(75,375)
Property and equipment, net	104,019	107,675	108,170
Property under capital lease and financing obligations:			
Property under capital lease and financing obligations	12,545	12,703	12,581
Less accumulated amortization	(5,547)	(5,560)	(5,398)
Property under capital lease and financing obligations, net	6,998	7,143	7,183
Goodwill	17,840	18,242	18,037
Other long-term assets	10,835	11,798	11,413
Total assets	\$ 206,062	\$ 204,522	\$ 201,566
LIABILITIES AND EQUITY			
Current liabilities:			
Short-term borrowings	\$ 444	\$ 5,257	\$ 3,262
Accounts payable	43,128	46,092	42,389
Dividends payable	3,057	—	3,057
Accrued liabilities	22,846	22,122	19,686
Accrued income taxes	424	645	505
Long-term debt due within one year	1,090	3,738	3,254
Capital lease and financing obligations due within one year	694	667	658
Total current liabilities	71,683	78,521	72,811
Long-term debt	44,958	30,045	33,706
Long-term capital lease and financing obligations	6,610	6,780	6,763
Deferred income taxes and other	8,999	8,354	9,240
Commitments and contingencies			
Equity:			
Common stock	294	295	299
Capital in excess of par value	2,710	2,648	2,352
Retained earnings	80,810	85,107	84,838
Accumulated other comprehensive loss	(12,629)	(10,181)	(11,100)
Total Walmart shareholders' equity	71,185	77,869	76,389
Noncontrolling interest	2,627	2,953	2,657
Total equity	73,812	80,822	79,046
Total liabilities and equity	\$ 206,062	\$ 204,522	\$ 201,566

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

(Amounts in millions)	Six Months Ended	
	July 31,	
	2018	2017
Cash flows from operating activities:		
Consolidated net income	\$ 1,549	\$ 6,256
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Depreciation and amortization	5,332	5,169
Unrealized (gains) and losses	1,939	—
(Gains) and losses for disposal of business operations	4,755	—
Deferred income taxes	(117)	94
Loss on extinguishment of debt	—	788
Other operating activities	469	(16)
Changes in certain assets and liabilities, net of effects of acquisitions:		
Receivables, net	257	585
Inventories	441	233
Accounts payable	(1,588)	535
Accrued liabilities	(1,702)	(1,720)
Accrued income taxes	(240)	(564)
Net cash provided by operating activities	11,095	11,360
Cash flows from investing activities:		
Payments for property and equipment	(4,282)	(4,423)
Proceeds from the disposal of property and equipment	205	212
Proceeds from disposal of certain operations	—	1,012
Payments for business acquisitions, net of cash acquired	—	(363)
Other investing activities	(351)	20
Net cash used in investing activities	(4,428)	(3,542)
Cash flows from financing activities:		
Net change in short-term borrowings	(4,761)	2,144
Proceeds from issuance of long-term debt	15,851	1,503
Repayments of long-term debt	(3,050)	(3,400)
Premiums paid to extinguish debt	—	(777)
Dividends paid	(3,067)	(3,088)
Purchase of Company stock	(1,844)	(4,447)
Dividends paid to noncontrolling interest	(171)	(473)
Purchase of noncontrolling interest	—	(8)
Other financing activities	(478)	(85)
Net cash provided by (used in) financing activities	2,480	(8,631)
Effect of exchange rates on cash, cash equivalents and restricted cash	(299)	432
Net increase (decrease) in cash, cash equivalents and restricted cash	8,848	(381)
Cash, cash equivalents and restricted cash at beginning of year	7,014	7,144
Cash, cash equivalents and restricted cash at end of period	\$ 15,862	\$ 6,763

Note: Due to the adoption of ASU 2016-18, *Statement of Cash Flows-Restricted Cash (Topic 230)*, on February 1, 2018, restricted cash is now included with cash and cash equivalents when reconciling the beginning and ending period amounts for both fiscal 2019 and 2018.

Walmart Inc.
Supplemental Financial Information
(Unaudited)

Net sales and operating income

<i>(dollars in millions)</i>	Net Sales			Operating Income		
	Three Months Ended			Three Months Ended		
	July 31,			July 31,		
	2018	2017	Percent Change	2018	2017	Percent Change
Walmart U.S.	\$ 82,815	\$ 78,738	5.2 %	\$ 4,479	\$ 4,417	1.4 %
Walmart International	29,454	28,331	4.0 %	1,269	1,568	-19.1 %
Sam's Club	14,790	14,880	-0.6 %	402	391	2.8 %
Corporate and support	—	—	N/A	-400	-407	-1.7 %
Consolidated	\$ 127,059	\$ 121,949	4.2 %	\$ 5,750	\$ 5,969	-3.7 %

U.S. comparable sales results

	With Fuel		Without Fuel		Fuel Impact	
	13 Weeks Ended		13 Weeks Ended		13 Weeks Ended	
	7/27/2018	7/28/2017	7/27/2018	7/28/2017	7/27/2018	7/28/2017
Walmart U.S.	4.7%	1.9%	4.5%	1.8%	0.2%	0.1%
Sam's Club	7.7%	1.4%	5.0%	1.2%	2.7%	0.2%
Total U.S.	5.2%	1.8%	4.6%	1.7%	0.6%	0.1%

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

Walmart Inc.
Reconciliations of and Other Information Regarding Non-GAAP Financial Measures
(Unaudited)

The following information provides reconciliations of certain non-GAAP financial measures presented in the press release to which this reconciliation is attached to the most directly comparable financial measures calculated and presented in accordance with generally accepted accounting principles (GAAP). The company has provided the non-GAAP financial information presented in the press release, which is not calculated or presented in accordance with GAAP, as information supplemental and in addition to the financial measures presented in the press release that are calculated and presented in accordance with GAAP. Such non-GAAP financial measures should not be considered superior to, as a substitute for or alternative to, and should be considered in conjunction with, the GAAP financial measures presented in the press release. The non-GAAP financial measures in the press release may differ from similar measures used by other companies.

Constant Currency

In discussing our operating results, the term currency exchange rates refers to the currency exchange rates we use to convert the operating results for all countries where the functional currency is not the U.S. dollar 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. The disclosure of constant currency amounts or results permits investors to better understand Walmart's underlying performance without the effects of currency exchange rate fluctuations.

The table below reflects the calculation of constant currency for total revenues, net sales and operating income for the three and six months ended July 31, 2018 .

<i>(Dollars in millions)</i>	Three Months Ended July 31,				Six Months Ended July 31,			
	Walmart International		Consolidated		Walmart International		Consolidated	
	2018	Percent Change ¹	2018	Percent Change ¹	2018	Percent Change ¹	2018	Percent Change ¹
Total revenues:								
As reported	\$ 29,769	2.7 %	\$ 128,028	3.8 %	\$ 60,403	7.0 %	\$ 250,718	4.1 %
Currency exchange rate fluctuations	-248	N/A	-248	N/A	-2,218	N/A	-2,218	N/A
Constant currency total revenues	\$ 29,521	1.8 %	\$ 127,780	3.6 %	\$ 58,185	3.1 %	\$ 248,500	3.2 %
Net sales:								
As reported	\$ 29,454	4.0 %	\$ 127,059	4.2 %	\$ 59,714	7.7 %	\$ 248,689	4.3 %
Currency exchange rate fluctuations	-242	N/A	-242	N/A	-2,189	N/A	-2,189	N/A
Constant currency net sales	\$ 29,212	3.1 %	\$ 126,817	4.0 %	\$ 57,525	3.8 %	\$ 246,500	3.4 %
Operating income:								
As reported	\$ 1,269	-19.1 %	\$ 5,750	-3.7 %	\$ 2,534	-6.4 %	\$ 10,904	-2.7 %
Currency exchange rate fluctuations	-21	N/A	-21	N/A	-146	N/A	-146	N/A
Constant currency operating income	\$ 1,248	-20.4 %	\$ 5,729	-4.0 %	\$ 2,388	-11.8 %	\$ 10,758	-4.0 %

¹ Change versus prior year comparable period.

Free Cash Flow

We define free cash flow as net cash provided by operating activities in a period minus payments for property and equipment made in that period. We had net cash provided by operating activities of \$11.1 billion and \$11.4 billion for the six months ended July 31, 2018 and 2017, respectively. The decrease in net cash provided by operating activities was primarily due to the timing of vendor payments, partially offset by a decrease in tax payments primarily as a result of Tax Reform. We generated free cash flow of \$6.8 billion for the six months ended July 31, 2018, which was relatively flat compared to \$6.9 billion for the six months ended July 31, 2017.

Free cash flow is considered a non-GAAP financial measure. Management believes, however, that free cash flow, which measures our ability to generate additional cash from our business operations, is an important financial measure for use in evaluating the company's financial performance. Free cash flow should be considered in addition to, rather than as a substitute for, consolidated net income as a measure of our performance and net cash provided by operating activities as a measure of our liquidity.

Additionally, Walmart's definition of free cash flow is limited, in that it does not represent residual cash flows available for discretionary expenditures, due to the fact that the measure does not deduct the payments required for debt service and other contractual obligations or payments made for business acquisitions. Therefore, we believe it is important to view free cash flow as a measure that provides supplemental information to our Consolidated Statements of Cash Flows.

Although other companies report their free cash flow, numerous methods may exist for calculating a company's free cash flow. As a result, the method used by Walmart's management to calculate our free cash flow may differ from the methods used by other companies to calculate their free cash flow.

The following table sets forth a reconciliation of free cash flow, a non-GAAP financial measure, to net cash provided by operating activities, which we believe to be the GAAP financial measure most directly comparable to free cash flow, as well as information regarding net cash used in investing activities and net cash used in financing activities.

	Six Months Ended	
	July 31,	
	2018	2017
<i>(Dollars in millions)</i>		
Net cash provided by operating activities	\$ 11,095	\$ 11,360
Payments for property and equipment (capital expenditures)	-4,282	-4,423
Free cash flow	\$ 6,813	\$ 6,937
Net cash used in investing activities ¹	\$ -4,428	\$ -3,542
Net cash provided by (used in) financing activities	2,480	-8,631

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

Adjusted EPS

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

We have calculated Adjusted EPS for the three months ended July 31, 2018 by adjusting EPS for the following: (1) the sale of a majority stake in Walmart Brazil, (2) an adjustment in the provisional amount related to Tax Reform, and (3) unrealized gains and losses on the company's equity investment in JD.com. The most directly comparable financial measure calculated in accordance with GAAP is EPS. We adjust for two of the items on a recurring basis each quarter, including:

- *Tax Reform* - The SEC allows companies to record provisional amounts during a one year measurement period from the U.S. Tax Reform enactment date. While the company recorded provisional amounts as of January 31, 2018, the company adjusts such provisional amounts during fiscal 2019. As the company adjusted EPS in fiscal 2018 for the impact of Tax Reform, for consistency, management adjusts EPS for any fiscal 2019 changes to the provisional amounts.
- *Unrealized gains and losses* - Beginning in fiscal 2019, due to a change in U.S. accounting principles, Walmart is required to include unrealized gains/losses of certain equity investments within net income. The company's unrealized gains/losses primarily relate to Walmart's equity investment in JD.com. While the company's investment in JD.com was a strategic decision for the company's retail operations in China, management's measurement of that strategy is primarily focused on the Walmart China financial results rather than the investment value of JD.com. Accordingly, management adjusts EPS for the unrealized JD.com investment gains/losses.

	Three Months Ended July 31, 2018		
Diluted earnings per share:			
Reported net loss per share			-\$0.29
Adjustments:	Pre-Tax Impact	Tax Impact ¹	Net Impact
Loss on sale of majority stake in Walmart Brazil	\$1.61	-\$0.10	\$1.51
Adjustment to provisional amount for Tax Reform	—	0.04	0.04
Unrealized (gains) and losses on JD.com investment	0.03	—	0.03
Net adjustments			\$1.58
Adjusted EPS			\$1.29

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

² Change versus prior year comparable period.

As previously disclosed in our second quarter ended July 31, 2017 press release, we have calculated Adjusted EPS for the three months ended July 31, 2017 by adjusting EPS for the following: (1) the loss on the early extinguishment of certain debt and (2) the gain on the sale of Suburbia in Mexico. The most directly comparable financial measure calculated in accordance with GAAP is EPS.

Three Months Ended July 31, 2017				
Diluted earnings per share:				
Reported EPS				\$0.96
Adjustments:	Pre-Tax Impact	Tax Impact 1	NCI Impact 2	Net Impact
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
Net adjustments				\$0.12
Adjusted EPS				\$1.08

¹ Calculated based on nature of item and statutory rate in effect for relevant jurisdictions.

² Calculated based on the ownership percentages of the noncontrolling interest at Walmex.

Adjusted EPS Guidance

Adjusted EPS Guidance is considered a non-GAAP financial measure. Management believes that Adjusted EPS Guidance for fiscal 2019 is a meaningful metric to share with investors because that metric, which adjusts EPS for certain items recorded in the period, is the metric that best allows comparison of the expected performance for fiscal 2019 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 2019 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 2019 by adjusting for the amount of the impact of: (1) the sale of a majority stake in Walmart Brazil, (2) adjustments in the provisional amount related to Tax Reform, and (3) unrealized gains and losses on the company's equity investment in JD.com.

Fiscal 2019				
Diluted earnings per share:				
Forecasted EPS 1				\$2.90 to \$3.05
Adjustments:	Pre-Tax Impact	Tax Impact 2	Net Impact	
Loss on sale of majority stake in Walmart Brazil	\$1.61	-\$0.10	\$1.51	
Adjustment to provisional amount for Tax Reform	—	(0.01)	(0.01)	
Unrealized (gains) and losses on JD.com investment	0.65	(0.15)	0.50	
Net adjustments				\$2.00
Adjusted EPS guidance				\$4.90 to \$5.05

¹ Guidance does not incorporate the previously provided estimated impact for Flipkart, which included the incremental interest expense to fund the transaction, as the transaction has not yet closed.

² Calculated based on nature of item, including any realizable deductions, and statutory rate in effect for relevant jurisdictions.

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Financial presentation to accompany management transcript



Safe harbor and non-GAAP measures

This presentation contains statements as to Walmart management's guidance regarding earnings per share, adjusted earnings per share, consolidated net sales growth, Walmart U.S. eCommerce sales growth, Walmart International sales growth, capital expenditures and Walmart's effective tax rate for the fiscal year ending January 31, 2019, and comparable sales (excluding fuel) for Walmart U.S. and Sam's Club for the 52 weeks ending January 25, 2019. Walmart believes such statements are "forward-looking statements" as defined in, and are intended to enjoy the protection of the safe harbor for forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Assumptions on which such forward-looking statements are based are also forward-looking statements. Walmart's actual results may differ materially from the guidance provided as a result of changes in circumstances, assumptions not being realized or other risks, uncertainties and factors including:

- economic, geo-political, capital markets and business conditions, trends and events around the world and in the markets in which Walmart operates;
- currency exchange rate fluctuations, changes in market interest rates and commodity prices;
- unemployment levels, competitive pressures; inflation or deflation, generally and in particular product categories;
- consumer confidence, disposable income, credit availability, spending levels, shopping patterns, debt levels and demand for certain merchandise;
- consumer enrollment in health and drug insurance programs and such programs' reimbursement rates;
- the amount of Walmart's net sales denominated in the U.S. dollar and various foreign currencies;
- the impact of acquisitions, investments, divestitures, store or club closures, and other strategic decisions;
- Walmart's ability to successfully integrate acquired businesses, including within the eCommerce space;
- Walmart's effective tax rate and the factors affecting Walmart's effective tax rate, including assessments of certain tax contingencies, valuation allowances, changes in law, administrative audit outcomes, impact of discrete items and the mix of earnings between the U.S. and Walmart's international operations;
- changes in existing tax, labor and other laws and regulations and changes in tax rates, trade agreements, trade restrictions and tariff rates;
- customer traffic and average ticket in Walmart's stores and clubs and on its eCommerce websites;
- the mix of merchandise Walmart sells, the cost of goods it sells and the shrinkage it experiences;
- the amount of Walmart's total sales and operating expenses in the various markets in which it operates;
- transportation, energy and utility costs and the selling prices of gasoline and diesel fuel;
- supply chain disruptions and disruptions in seasonal buying patterns;
- consumer acceptance of and response to Walmart's stores, clubs, digital platforms, programs, merchandise offerings and delivery methods;
- cyber security events affecting Walmart and related costs;
- developments in, outcomes of, and costs incurred in legal or regulatory proceedings to which Walmart is a party;
- casualty and accident-related costs and insurance costs;
- the turnover in Walmart's workforce and labor costs, including healthcare and other benefit costs;
- changes in accounting estimates or judgments;
- the level of public assistance payments;
- natural disasters, public health emergencies, civil disturbances, and terrorist attacks; and
- Walmart's expenditures for Foreign Corrupt Practices Act "FCPA" and other compliance related costs, including the adequacy of the accrual with respect to this matter.

Such risks, uncertainties and factors also include the risks relating to Walmart's strategy, operations and performance and the financial, legal, tax, regulatory, compliance, reputational and other risks discussed in Walmart's most recent annual report on Form 10-K and subsequent quarterly reports on Form 10-Q filed with the SEC. Walmart urges you to consider all of the risks, uncertainties and factors identified above or discussed in such reports carefully in evaluating the forward-looking statements in this presentation. Walmart cannot assure you that the results reflected or implied by any forward-looking statement will be realized or, even if substantially realized, that those results will have the forecasted or expected consequences and effects for or on Walmart's operations or financial performance. The forward-looking statements made in this presentation are as of the date of this presentation. Walmart undertakes no obligation to update these forward-looking statements to reflect subsequent events or circumstances.

This presentation includes certain non-GAAP measures as defined under SEC rules, including net sales, revenue, and operating income on a constant currency basis, adjusted EPS, free cash flow and return on investment. Refer to information about the non-GAAP measures contained in this presentation. Additional information as required by Regulation G and Item 10(e) of Regulation S-K regarding non-GAAP measures can be found in our most recent Form 10-K and our Form 8-K furnished as of the date of this presentation with the SEC, which are available at www.stock.walmart.com.



Fiscal Year 2019 Guidance



EPS¹ \$2.90 to \$3.05 (ex. Flipkart)
Adjusted EPS^{1,2} \$4.90 to \$5.05 (ex. Flipkart)



Comp sales³ of around +3%, which compares to the previous guidance of at least +2%



Comp sales³ of about +3%, with a negative impact from tobacco of approximately 200 basis points. This is an increase in guidance compared to the -1% to flat previously provided, which was inclusive of a negative impact from tobacco of approximately 400 basis points.



¹ Guidance does not incorporate the previously provided estimated impact for Flipkart, which included the incremental interest expense to fund the transaction, as the transaction has not yet closed.

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

³ 52-week period ending January 25, 2019, and excludes fuel.

Walmart Inc.

(Amounts in millions, except per share data)

	Q2	\$ Δ ¹	% Δ ¹	YTD	\$ Δ ¹	% Δ ¹
Total revenue	\$128,028	\$4,673	3.8%	\$250,718	\$9,821	4.1%
Total revenue, constant currency ²	\$127,780	\$4,425	3.6%	\$248,500	\$7,603	3.2%
Net sales	\$127,059	\$5,110	4.2%	\$248,689	\$10,214	4.3%
Net sales, constant currency ²	\$126,817	\$4,868	4.0%	\$246,500	\$8,025	3.4%
Membership & other income	\$969	-\$437	-31.1%	\$2,029	-\$393	-16.2%
Operating income	\$5,750	-\$219	-3.7%	\$10,904	-\$302	-2.7%
Operating income, constant currency ²	\$5,729	-\$240	-4.0%	\$10,758	-\$448	-4.0%
Interest expense, net	\$503	-\$72	-12.5%	\$990	-\$148	-13.0%
Other (gains) and losses	\$4,849	\$4,849	NM	\$6,694	\$6,694	NM
Consolidated net income (loss) attributable to Walmart	-\$861	-\$3,760	-129.7%	\$1,273	-\$4,665	-78.6%
Diluted earnings (loss) per share	-\$0.29	-\$1.25	-130.2%	\$0.43	-\$1.53	-78.1%
Adjusted EPS ²	\$1.29	\$0.21	19.4%	\$2.43	\$0.35	16.8%



¹ Change versus prior year comparable period.

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

NM = Not meaningful

Walmart Inc.

	Q2	bps Δ^1	YTD	bps Δ^1
Gross profit rate	24.8%	-17 bps	24.7%	-16 bps
Operating expenses as a percentage of net sales	21.0%	-19 bps	21.1%	-4 bps
Effective tax rate ²	282.7%	NM	51.9%	NM
Debt to total capitalization ³	NP	NP	43.0%	460 bps
Return on assets ⁴	NP	NP	2.9%	-380 bps
Return on investment ⁴	NP	NP	13.8%	-120 bps

¹ Basis points change versus prior year comparable period.

² The increase in the effective tax rate was primarily due to the loss on sale of a majority stake in Walmart Brazil. It was also negatively impacted by a Q2 adjustment in the provisional amount recorded related to Tax Reform.

³ Debt to total capitalization calculated as of July 31, 2018. Increase versus prior comparable period primarily due to \$16 billion debt issuance to fund a portion of the purchase price for the Flipkart acquisition. Debt includes short-term borrowings, long-term debt due within one year, capital lease and financing obligations due within one year, long-term debt, and long-term capital lease and financing obligations. Total capitalization includes debt and total Walmart shareholders' equity.



⁴ Calculated for the trailing 12 months ended July 31, 2018. For ROI, see press release located at www.stock.walmart.com and reconciliations at the end of presentation regarding non-GAAP financial measures.

NP = not provided; NM = not meaningful

Walmart Inc.

(Amounts in millions)

	Q2	\$ Δ ¹	% Δ ¹
Receivables, net	\$5,002	-\$393	-7.3%
Inventories	\$41,985	-\$1,457	-3.4%
Accounts payable	\$43,128	\$739	1.7%

¹ Change versus prior year comparable period.



Walmart Inc.

<i>(Amounts in millions)</i>	YTD	\$ Δ ¹
Operating cash flow	11,095	-265
Capital expenditures	4,282	-141
Free cash flow²	6,813	-124

<i>(Amounts in millions)</i>	Q2	% Δ ¹	YTD	% Δ ¹
Dividends	1,534	-0.3%	\$3,067	-0.7%
Share repurchases ³	1,305	-42.3%	\$1,844	-58.5%
Total	\$2,839	-25.3%	\$4,911	-34.8%



¹ Change versus prior year comparable period.

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

³ \$16.9 billion remaining of the \$20 billion authorization approved in October 2017. The company repurchased approximately 15.3 million shares in Q2.

Walmart U.S.

(Amounts in millions)

	Q2	Δ^1	YTD	Δ^1
Net sales	\$82,815	5.2%	\$160,563	4.1%
Comparable sales ^{2,3}	4.5%	270 bps	3.3%	170 bps
• Comp traffic	2.2%	90 bps	NP	NP
• Comp ticket	2.3%	180 bps	NP	NP
eCommerce impact ³	~100 bps	~30 bps	NP	NP
Gross profit rate	Decrease	-34 bps	Decrease	-29 bps
Operating expense rate	Decrease	-26 bps	Decrease	-9 bps
Operating income ⁴	\$4,479	1.4%	\$8,406	-0.7%

¹ Change versus prior year comparable period.

² Comp sales for the 13-week period ended July 27, 2018, excluding fuel.

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

⁴ In the first quarter of fiscal 2019, the company revised its corporate overhead allocations to the operating segments. Accordingly, previous segment operating income was recast to be comparable to the current period.

NP - Not provided



Walmart U.S. - quarterly financial highlights

Sales

- Comp sales¹ increased 4.5% driven by comp ticket growth of 2.3% and comp traffic growth of 2.2%. eCommerce contributed approximately 100 basis points to segment comp sales growth with strength in online grocery and eCommerce home delivery.
- On a two-year stacked basis, comp sales and traffic were up 6.3% and 3.5%, respectively.
- Fresh food category sales were strong and led to the best grocery comp in 9 years.
- Warmer weather contributed to strong general merchandise sales primarily in seasonal, lawn & garden and apparel.

Gross Margin

- Gross margin rate declined 34 basis points due primarily to price investments, increased transportation expense from higher fuel costs and third-party transportation rate pressures, and the mix effects from our growing eCommerce business.

Expenses

- Segment operating expenses leveraged 26 basis points. Physical stores leveraged expenses for the 6th consecutive quarter largely due to strong sales performance in conjunction with productivity improvements that more than offset investments in eCommerce and technology.

Other Income

- Other income declined 12 basis points due primarily to lower sustainability income from cardboard recycling.

Inventory

- We have a favorable inventory position as we prepare for the holiday season. Total inventory decreased 30 basis points versus last year and comp store inventory declined approximately 70 basis points, while in-stock levels remained high. On a two-year stacked basis, comp store inventory is down 4.5% and on a three-year stacked basis, it is down 11%.

Format growth

- We had net openings of 4 Supercenters and 1 Neighborhood Market. We also remodeled 154 stores.
- As of the end of Q2, we had more than 1,800 grocery pickup locations, more than 320 stores offering grocery delivery, and more than 325 pickup towers.



¹ Comp sales for the 13-week period ended July 27, 2018, excluding fuel.

Walmart U.S. - quarterly merchandise highlights

Category	Comp	Comments
Grocery ¹	+ mid single-digit	Food and consumables had strong comp sales and traffic throughout the quarter, with particular strength in fresh food categories like produce, meat and bakery. Customers continue to respond positively to our price investment strategy and growth in private brands.
Health & wellness	+ low single-digit	Branded drug inflation and growth in the 90-day script category contributed to the positive comp sales performance in pharmacy.
General merchandise ²	+ mid single-digit	Electronics comp sales were the strongest in 4 years due primarily to an elevated assortment in TV's, audio, wearables and gaming. Warmer weather benefited traffic and sales in categories like seasonal, lawn & garden, and apparel.



¹ Includes food and consumables.

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

Walmart International

(Amounts in millions)	Reported		Constant currency ¹		Reported		Constant currency ¹	
	Q2	Δ^2	Q2	Δ^2	YTD	Δ^2	YTD	Δ^2
Net sales	\$29,454	4.0%	\$29,212	3.1%	\$59,714	7.7%	\$57,525	3.8%
Gross profit rate	Increase	11 bps	NP	NP	Flat	— bps	NP	NP
Operating income ³	\$1,269	-19.1%	\$1,248	-20.4%	\$2,534	-6.4%	\$2,388	-11.8%



¹ See press release located at www.stock.walmart.com and reconciliations at the end of presentation regarding non-GAAP financial measures.

² Change versus prior year comparable period.

³ In the first quarter of fiscal 2019, the company revised its corporate overhead allocations to the operating segments. Accordingly, previous segment operating income was recast to be comparable to the current period.

Walmart International - quarterly financial highlights

Sales

- Positive comp sales growth in our four largest markets, including: Mexico, U.K., Canada and China.
- Easter timing and last year's wind-down of the first-party portion of our eCommerce business in Brazil were a sales headwind.

Gross Margin

- Gross margin rate increased 11 basis points on a reported basis, driven by the Easter timing shift in certain countries and supported by better buying, partly offset by continued price investments.

Operating income

- Operating income in the quarter declined -19.1% on a reported basis and -20.4% in constant currency.
- The decline is due to the gain on sale of Suburbia of \$0.4 billion in Q2 of last year.
- Changes in currency rates benefited operating income by approximately \$20 million.

Inventory

- During the quarter, inventory grew slower than sales on a reported basis.



Walmart International - key market quarterly results

Country ^{1,2}	Comp ³			Net sales ³	Gross profit rate ³	Operating income ³
	Sales	Traffic	Ticket			
United Kingdom ^{4,5}	0.4%	-0.5%	0.9%	2.4%	Increase	Increase
Walmex ^{5,6}	5.4%	0.5%	4.9%	7.3%	Increase	Decrease ⁷
Canada	2.6%	1.5%	1.1%	2.8%	Decrease	Decrease
China	1.5%	0.2%	1.3%	4.3%	Decrease	Decrease

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

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

³ Change versus prior year comparable period.

⁴ Comp sales for the United Kingdom are presented excluding fuel.

⁵ Impacted by Easter calendar shift

⁶ Walmex includes the consolidated results of Mexico and Central America.

⁷ While operating income declined, the decline is attributable to the prior year including a \$0.4 billion gain on the sale of Suburbia.



Walmart International - key market highlights

Walmex

- Net sales increased 7.3% and comp sales increased 5.4%.
- In Mexico specifically, comp sales increased 6.5% or 13.7% on a two-year stacked basis.
 - Mexico experienced an incremental comp headwind due to the Easter calendar shift.
- Comp growth continued to outpace ANTAD¹ self-service; we now have 14 consecutive quarters of outperformance versus the market.
- We relaunched our new online grocery platform during the quarter, which is now offered in 40% of our Walmart stores, and helped drive double digit omni-channel sales growth.
- World Cup helped drive comps in certain categories like televisions in Mexico.
- While operating income declined, the decline is attributable to the prior year including a \$0.4 billion gain on the sale of Suburbia.

China

- Net sales increased 4.3% and comp sales increased 1.5%.
 - We experienced positive underlying retail performance in both Hypermarket and Sam's Club.
 - The momentum in the fresh categories continued in the period.
- We continued to expand our offering through our partnership with JD.com. Our Flagship businesses showed strong performance, highlighted by a very successful June 18th promotional event in conjunction with JD.com
- Expanded the one-hour delivery service to 19 additional JD Daojia stores this quarter. We now have about 200 JD Daojia stores providing this service.
- Deepened our strategic relationships with Tencent by expanding the WeChat app features like Scan & Go to improve the customer experience in stores.



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

Walmart International - key market highlights

Canada

- Net sales increased 2.8%, with comp sales growth of 2.6%.
- Gained 60 basis points of market share in food, consumables, and health and wellness for the 12-week period ended July 28th, according to Nielsen.
- Gross profit rate declined due to higher mix of grocery and growth in eCommerce shipping.
- Expense deleveraged mainly due to minimum wage legislative changes and omni-channel acceleration.
- Expanded the omni-channel, Walmart Pickup, website to store program for general merchandise to all stores in Canada.
- Added Online Grocery pickup in 21 stores, which is now available in 105 locations.

U.K.

- Net sales increased 2.4%, while comp sales increased 0.4%.
 - This is the 5th consecutive positive comp.
 - The U.K. experienced a 220 bps incremental comp headwind due to the Easter calendar shift.
- Grew our market share for the 12 weeks ended 15th July, per Kantar share report.
- Continued to see improving performance of our food volumes and strengthening performance in nonfood categories.
- Gross profit rate increased versus last year, supported by improvements in nonfood margins, partly offset by continuing food price investments.
- Targeted price investment helped improved our price gap vs. last year.
- Continued strong working capital discipline, inventory came down even as sales increased.



Sam's Club

(Amounts in millions)

	With fuel		Without fuel ¹		With fuel		Without fuel ¹	
	Q2	Δ ²	Q2	Δ ²	YTD	Δ ²	YTD	Δ ²
Net sales	\$14,790	-0.6%	\$13,293	-3.1%	\$28,412	-1.6%	\$25,673	-3.6%
Comparable sales ³	7.7%	630 bps	5.0%	380 bps	6.5%	430 bps	4.4%	300 bps
• Comp traffic	NP	NP	6.7%	460 bps	NP	NP	NP	NP
• Comp ticket	NP	NP	-1.7%	-80 bps	NP	NP	NP	NP
eCommerce impact	NP	NP	~110 bps	~30 bps	NP	NP	NP	NP
Gross profit rate	Decrease	-51 bps	Decrease	-22 bps	Decrease	-43 bps	Decrease	-23 bps
Membership income	NP	1.2%	NP	1.2%	NP	1.1%	NP	1.1%
Operating income ⁴	\$402	2.8%	\$369	3.9%	\$727	-8.0%	\$682	-8.6%

¹ Represents financial information of all non-fuel operations. For the three and six months ended July 31, 2018, fuels sales were \$1.5 billion and \$2.7 billion, respectively and fuel operating income was \$33 million and \$45 million, respectively.

² Change versus prior year comparable period.

³ Comp sales for the 13-week period ended July 27, 2018.

⁴ In the first quarter of fiscal 2019, the company revised its corporate overhead allocations to the operating segments. Accordingly, previous segment operating income was recast to be comparable to the current period.

NP - Not provided



Sam's Club - quarterly financial highlights

Sales

- Comp sales¹ for the period increased 5.0%, with growth in comp traffic of 6.7%. Tobacco negatively impacted comp sales by 150 basis points, and the transfer of sales from closed clubs contributed approximately half of the comp increase, excluding fuel.
- eCommerce sales increased 31% as both direct-to-home and Club Pickup performed well.

Gross Profit

- Gross profit rate declined 51 and 22 basis points, with and without fuel, respectively. With fuel gross profit was impacted by increased fuel cost per gallon. Other factors resulting in the gross profit decline were shrink and increased transportation expense, which includes eCommerce fulfillment.

Operating Expenses

- Operating expenses leveraged 57 and 31 basis points, with and without fuel, respectively. With fuel operating expenses leverage was benefited by higher fuel sales. Expense leverage was also benefited by the \$50 million impairment of certain assets and the closure of underperforming clubs that as recorded during the second quarter of last year.
-

Membership Income

- Membership income increased 1.2% versus last year. Positive momentum with Plus members was partly due to the new free shipping offer.

Inventory

- Inventory decreased 10.6% primarily due to closed clubs, and inventory at comp clubs decreased 2.5%.



¹ Comp sales for the 13-week period ended July 27, 2018, excluding fuel.

Sam's Club - quarterly category highlights

Category	Comp	Comments
Fresh / Freezer / Cooler	+ mid single-digit	Strong performance seen in produce, deli, prepared foods, seafood, and dairy (driven by egg inflation).
Grocery and beverage	+ high single-digit	Assortment optimization across major categories such as water, soda, snacks, coffee, and breakfast drove performance.
Consumables	+ high single-digit	Strong growth in tabletop/bags, laundry/cleaning and paper goods. Consistent strategy of growing Member's Mark continues to work.
Home and apparel	+ low double-digit	Apparel, sporting goods, kitchen electrics and mattresses all performed well.
Technology, office and entertainment	+ low single-digit	Good performance in TV, audio and office offset slower sales in imaging, surveillance and tablets.
Health and wellness	+ low single-digit	OTC growth drove performance in health care.



Third-party FCPA and compliance-related expenses

(Amounts in millions)

	Q2		YTD	
	FY19	FY18	FY19	FY18
Ongoing inquiries and investigations	\$5	\$7	\$8	\$20
Global compliance program and organizational enhancements	3	5	7	8
Total	\$8	\$12	\$15	\$28

- These expenses are included in our Corporate and support expenses.



Non-GAAP measures - ROI

We include Return on Assets ("ROA"), which is calculated in accordance with U.S. generally accepted accounting principles ("GAAP") as well as Return on Investment ("ROI") as measures to assess returns on assets. Management believes ROI is a meaningful measure to share with investors because it helps investors assess how effectively Walmart is deploying its assets. Trends in ROI can fluctuate over time as management balances long-term potential strategic initiatives with possible short-term impacts. We consider ROA to be the financial measure computed in accordance with GAAP that is the most directly comparable financial measure to our calculation of ROI.

ROA was 2.9 percent and 6.7 percent for the trailing twelve months ended July 31, 2018 and 2017, respectively. ROI was 13.8 percent and 15.0 percent for the trailing twelve months ended July 31, 2018 and 2017, respectively. The decline in ROA was primarily due to the decrease in consolidated net income over the trailing twelve months which was the result of the \$4.5 billion net loss related to the sale of the majority stake in Walmart Brazil, losses on extinguishment of debt in the third and fourth quarters of fiscal 2018, and restructuring and impairment charges in the fourth quarter of fiscal 2018. The decline in ROI was due to the decrease in operating income over the trailing twelve months, which was primarily driven by the restructuring and impairment charges in the fourth quarter of fiscal 2018. Additionally, an increase in average total assets also contributed to the decline of ROI, primarily driven by our higher cash balance at July 31, 2018 as a result of our recent \$16 billion debt issuance and changes in the value of our JD.com investment.

We define ROI as adjusted operating income (operating income plus interest income, depreciation and amortization, and rent expense) for the trailing 12 months divided by average invested capital during that period. We consider average invested capital to be the average of our beginning and ending total assets, plus average accumulated depreciation and average amortization, less average accounts payable and average accrued liabilities for that period, plus a rent factor equal to the rent for the fiscal year or trailing 12 months multiplied by a factor of 8. When we have discontinued operations, we exclude the impact of the discontinued operations.

Our calculation of ROI is considered a non-GAAP financial measure because we calculate ROI using financial measures that exclude and include amounts that are included and excluded in the most directly comparable GAAP financial measure. For example, we exclude the impact of depreciation and amortization from our reported operating income in calculating the numerator of our calculation of ROI. In addition, we include a factor of 8 for rent expense that estimates the hypothetical capitalization of our operating leases. As mentioned above, we consider return on assets to be the financial measure computed in accordance with generally accepted accounting principles most directly comparable to our calculation of ROI. ROI differs from ROA (which is consolidated net income for the period divided by average total assets for the period) because ROI: adjusts operating income to exclude certain expense items and adds interest income; adjusts total assets for the impact of accumulated depreciation and amortization, accounts payable and accrued liabilities; and incorporates a factor of rent to arrive at total invested capital. Because of the adjustments mentioned above, we believe ROI more accurately measures how we are deploying our key assets and is more meaningful to investors than ROA. Although ROI is a standard financial measure, numerous methods exist for calculating a company's ROI. As a result, the method used by management to calculate our ROI may differ from the methods used by other companies to calculate their ROI.



Non-GAAP measures - ROI cont.

The calculation of ROA and ROI, along with a reconciliation of ROI to the calculation of ROA, is as follows:

Walmart Inc.					
Return on Assets and Return on Investment					
(Dollars in millions)	Trailing Twelve Months Ended July 31,			(Dollars in millions)	
	2018	2017	2016		
CALCULATION OF RETURN ON ASSETS			CALCULATION OF RETURN ON INVESTMENT		
Numerator			Numerator		
Consolidated net income	\$ 5,816	\$ 13,444			
Denominator			Denominator		
Average total assets ¹	\$ 203,814	\$ 199,726	Operating income	\$ 20,135	
Return on assets (ROA)	2.9%	6.7%	+ Interest income	173	
			+ Depreciation and amortization	10,692	
			+ Rent	3,064	
			Adjusted operating income	\$ 34,064	
				\$ 35,609	
As of July 31,			Denominator		
Certain Balance Sheet Data	2018	2017	2016	Average total assets ¹	\$ 203,814
Total assets	\$ 206,062	\$ 201,566	\$ 197,886	+ Average accumulated depreciation and amortization ¹	82,413
Accumulated depreciation and amortization	84,052	80,773	74,730	- Average accounts payable ¹	42,759
Accounts payable	43,128	42,389	39,902	- Average accrued liabilities ¹	21,266
Accrued liabilities	22,846	19,686	19,651	+ Rent x 8	24,512
				Average invested capital	\$ 246,714
				Return on investment (ROI)	13.8%
					15.0%



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.

Non-GAAP measures - free cash flow

We define free cash flow as net cash provided by operating activities in a period minus payments for property and equipment made in that period. We had net cash provided by operating activities of \$11.1 billion and \$11.4 billion for the three months ended July 31, 2018 and 2017, respectively. We generated free cash flow of \$6.8 billion for the six months ended July 31, 2018, which was relatively flat compared to \$6.9 billion for the six months ended July 31, 2017. The decrease in net cash provided by operating activities was primarily due to the timing of vendor payments, partially offset by a decrease in tax payments primarily as a result of Tax Reform. We generated free cash flow of \$6.8 billion for the six months ended July 31, 2018, which was relatively flat compared to \$6.9 billion for the six months ended July 31, 2017.

Free cash flow is considered a non-GAAP financial measure. Management believes, however, that free cash flow, which measures our ability to generate additional cash from our business operations, is an important financial measure for use in evaluating the company's financial performance. Free cash flow should be considered in addition to, rather than as a substitute for, consolidated net income as a measure of our performance and net cash provided by operating activities as a measure of our liquidity. Additionally, Walmart's definition of free cash flow is limited, in that it does not represent residual cash flows available for discretionary expenditures, due to the fact that the measure does not deduct the payments required for debt service and other contractual obligations or payments made for business acquisitions. Therefore, we believe it is important to view free cash flow as a measure that provides supplemental information to our Consolidated Statements of Cash Flows. Although other companies report their free cash flow, numerous methods may exist for calculating a company's free cash flow. As a result, the method used by Walmart's management to calculate our free cash flow may differ from the methods used by other companies to calculate their free cash flow.

The following table sets forth a reconciliation of free cash flow, a non-GAAP financial measure, to net cash provided by operating activities, which we believe to be the GAAP financial measure most directly comparable to free cash flow, as well as information regarding net cash used in investing activities and net cash used in financing activities.

<i>(Dollars in millions)</i>	Six Months Ended July 31,	
	2018	2017
Net cash provided by operating activities	\$ 11,095	\$ 11,360
Payments for property and equipment (capital expenditures)	-4,282	-4,423
Free cash flow	\$ 6,813	\$ 6,937
Net cash used in investing activities ¹	\$ -4,428	\$ -3,542
Net cash used in financing activities	2,480	-8,631



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

Non-GAAP measures - constant currency

In discussing our operating results, the term currency exchange rates refers to the currency exchange rates we use to convert the operating results for all countries where the functional currency is not the U.S. dollar 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 effects of currency exchange rate fluctuations. The disclosure of constant currency amounts or results permits investors to better understand Walmart's underlying performance without the effects of currency exchange rate fluctuations.

The table below reflects the calculation of constant currency for total revenues, net sales and operating income for the three and six months ended July 31, 2018.

(Dollars in millions)	Three Months Ended July 31,				Six Months Ended July 31,			
	Walmart International		Consolidated		Walmart International		Consolidated	
	2018	Percent Change ¹	2018	Percent Change ¹	2018	Percent Change ¹	2018	Percent Change ¹
Total revenues:								
As reported	\$ 29,769	2.7%	\$ 128,028	3.8%	\$ 60,403	7.0%	\$ 250,718	4.1%
Currency exchange rate fluctuations	-248	N/A	-248	N/A	-2,218	N/A	-2,218	N/A
Constant currency total revenues	\$ 29,521	1.8%	\$ 127,780	3.6%	\$ 58,185	3.1%	\$ 248,500	3.2%
Net sales:								
As reported	\$ 29,454	4.0%	\$ 127,059	4.2%	\$ 59,714	7.7%	\$ 248,689	4.3%
Currency exchange rate fluctuations	-242	N/A	-242	N/A	-2,189	N/A	-2,189	N/A
Constant currency net sales	\$ 29,212	3.1%	\$ 126,817	4.0%	\$ 57,525	3.8%	\$ 246,500	3.4%
Operating income:								
As reported	\$ 1,269	-19.1%	\$ 5,750	-3.7%	\$ 2,534	-6.4%	\$ 10,904	-2.7%
Currency exchange rate fluctuations	-21	N/A	-21	N/A	-146	N/A	-146	N/A
Constant currency operating income	\$ 1,248	-20.4%	\$ 5,729	-4.0%	\$ 2,388	-11.8%	\$ 10,758	-4.0%



¹ Change versus prior year comparable period.

Non-GAAP measures - adjusted EPS

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

We have calculated Adjusted EPS for the three months ended July 31, 2018 by adjusting EPS for the following: (1) the sale of a majority stake in Walmart Brazil, (2) an adjustment in the provisional amount related to Tax Reform, and (3) unrealized gains and losses on the company's equity investment in JD.com. The most directly comparable financial measure calculated in accordance with GAAP is EPS. We adjust for two of the items on a recurring basis each quarter, including:

- *Tax Reform* - The SEC allows companies to record provisional amounts during a one year measurement period from the U.S. Tax Reform enactment date. While the company recorded provisional amounts as of January 31, 2018, the company adjusts such provisional amounts during fiscal 2019. As the company adjusted EPS in fiscal 2018 for the impact of Tax Reform, for consistency, management adjusts EPS for any fiscal 2019 changes to the provisional amounts.
- *Unrealized gains and losses* - Beginning in fiscal 2019, due to a change in U.S. accounting principles, Walmart is required to include unrealized gains/losses of certain equity investments within net income. The company's unrealized gains/losses primarily relate to Walmart's equity investment in JD.com. While the company's investment in JD.com was a strategic decision for the company's retail operations in China, management's measurement of that strategy is primarily focused on the Walmart China financial results rather than the investment value of JD.com. Accordingly, management adjusts EPS for the unrealized JD.com investment gains/losses.



Non-GAAP measures - adjusted EPS

	Three Months Ended July 31, 2018			Percent Change ²	Six Months Ended July 31, 2018			Percent Change ²
Diluted earnings per share:								
Reported net loss per share			\$ -0.29	-130.2%			\$ 0.43	-78.1%
Adjustments:	Pre-Tax Impact	Tax Impact¹	Net Impact		Pre-Tax Impact	Tax Impact¹	Net Impact	
Loss on sale of majority stake in Walmart Brazil	\$ 1.61	\$ -0.10	\$ 1.51		\$ 1.61	\$ -0.10	\$ 1.51	
Adjustment to provisional amount for Tax Reform	—	0.04	0.04		—	-0.01	-0.01	
Unrealized (gains) and losses on JD.com investment	0.03	—	0.03		0.65	-0.15	0.50	
Net adjustments			\$ 1.58				\$ 2.00	
Adjusted EPS			\$ 1.29	19.4%			\$ 2.43	16.8%

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

² Change versus prior year comparable period.



Non-GAAP measures - adjusted EPS

As previously disclosed in our second quarter ended July 31, 2017 press release, we have calculated Adjusted EPS for the three months ended July 31, 2017 by adjusting EPS for the following: (1) the loss on the early extinguishment of certain debt and (2) the gain on the sale of Suburbia in Mexico. The most directly comparable financial measure calculated in accordance with GAAP is EPS.

	Three Months Ended July 31, 2017				Six Months Ended July 31, 2017			
Diluted earnings per share:								
Reported EPS	\$0.96				\$1.96			
Adjustments:	Pre-Tax Impact	Tax Impact¹	NCI Impact²	Net Impact	Pre-Tax Impact	Tax Impact¹	NCI Impact²	Net Impact
Loss on early extinguishment of debt	\$0.26	-\$0.09	\$—	\$0.17	\$0.26	-\$0.09	\$—	\$0.17
Gain on sale of Suburbia	-0.13	0.04	0.04	-0.05	-0.13	0.04	0.04	-0.05
Net adjustments	\$0.12				\$0.12			
Adjusted EPS	\$1.08				\$2.08			

¹ Calculated based on nature of item and statutory rate in effect for relevant jurisdictions.

² Calculated based on the ownership percentages of the noncontrolling interest at Walmex.



Non-GAAP measures - adjusted EPS guidance

Adjusted EPS Guidance is considered a non-GAAP financial measure. Management believes that Adjusted EPS Guidance for fiscal 2019 is a meaningful metric to share with investors because that metric, which adjusts EPS for certain items recorded in the period, is the metric that best allows comparison of the expected performance for fiscal 2019 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 2019 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 2019 by adjusting for the amount of the impact of: (1) the sale of a majority stake in Walmart Brazil, (2) adjustments in the provisional amount related to Tax Reform, and (3) unrealized gains and losses on the company's equity investment in JD.com.

	Fiscal 2019		
Diluted earnings per share:			
Forecasted EPS ¹	\$2.90 to \$3.05		
Adjustments:	Pre-Tax Impact	Tax Impact²	Net Impact
Loss on sale of majority stake in Walmart Brazil	\$1.61	-\$0.10	\$1.51
Adjustment to provisional amount for Tax Reform	—	-0.01	-0.01
Unrealized (gains) and losses on JD.com investment	0.65	-0.15	0.50
Net adjustments	\$2.00		
Adjusted EPS guidance	\$4.90 to \$5.05		

¹ Guidance does not incorporate the previously provided estimated impact for Flipkart, which included the incremental interest expense to fund the transaction, as the transaction has not yet closed.

² Calculated based on nature of item, including any realizable deductions, and statutory rate in effect for relevant jurisdictions.



Additional resources at stock.walmart.com

- Unit counts & square footage
- Comparable store sales, including and excluding fuel
- Terminology
- Fiscal year 2019 earnings dates



