

Walmart Celani Fund Presentation

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November 1, 2021



Outline

- Investment Summary
- Company Overview
- Business Strategy
- Industry Overview
- Ratio Analysis
- Valuation
- Recommendation

Investment Summary

- Recommendation: Invest more in Walmart
- Market Cap: \$ 421 billion
- P/E Ratio: 31.3
- Projected 7.05% upside



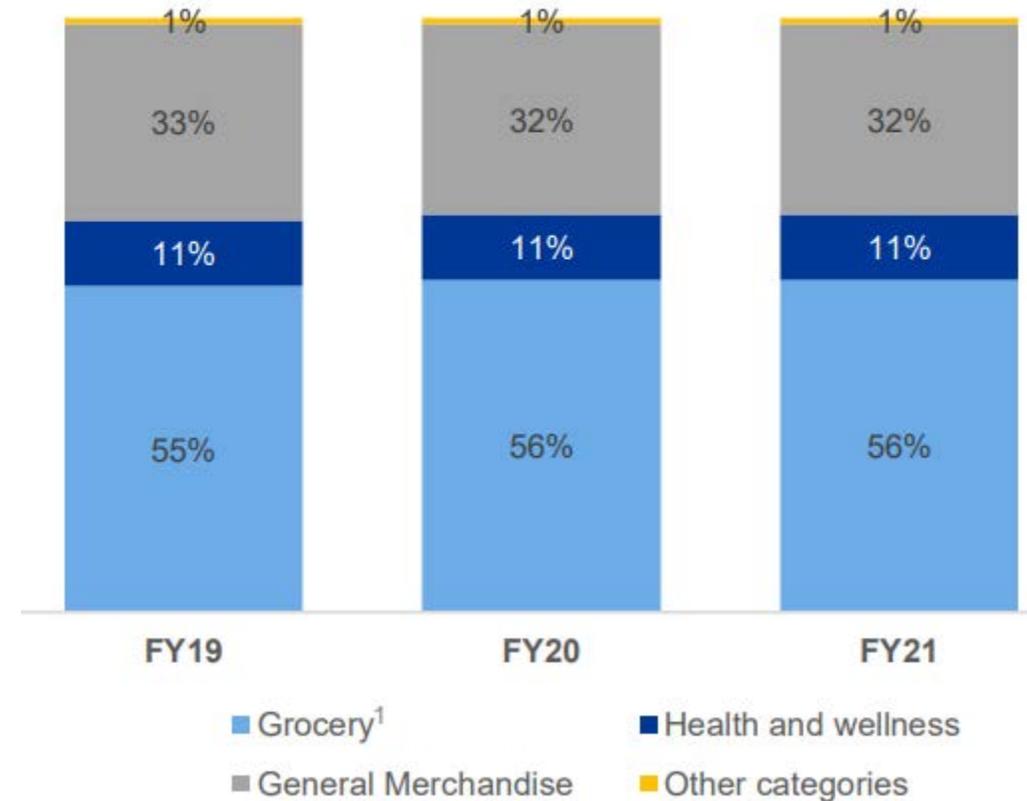
Market Data	
Price, as at 10/29/21	149.42
Quarterly Dividend	0.55
Annual Dividend Yield	1.47%
Market Cap. (\$mm)	420,927
P/E Ratio	31.3
Beta	0.51

Buy	
Current Price	149.42
12-Month Target Price	159.96
Upside	7.05%
Dividend Yield	1.47%
Total Return	8.53%

Company Overview

- Opened in 1962 as a local grocery store built around offering the lowest prices anytime, anywhere
- Now #1 company on Fortune 500 with largest revenues in the world
- Offers groceries, health and wellness products, consumer electronics, and various other products
- Serve roughly 220 million customers per week

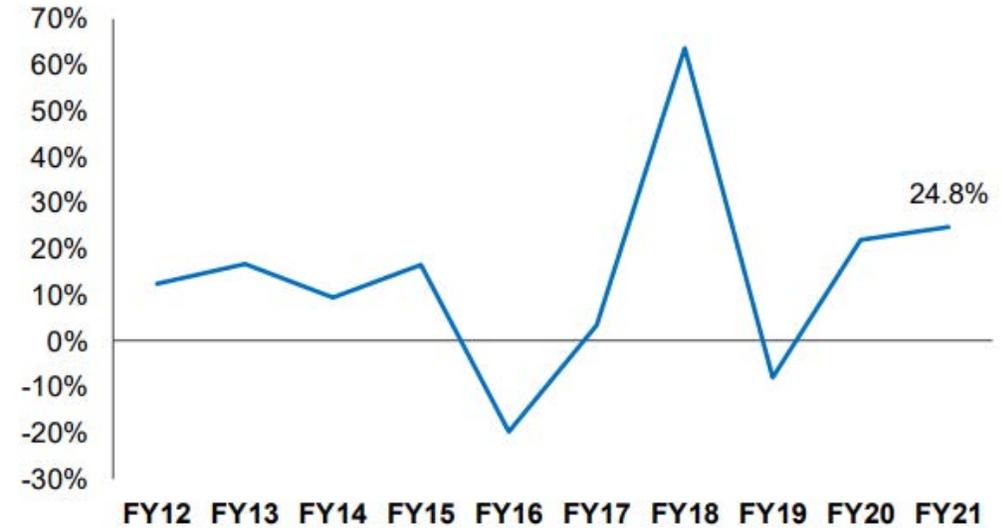
Walmart U.S. merchandise category,
% of segment net sales



Business Strategy

1. Make every day easier for busy families
2. Sharpen culture and become more digital
3. Operate with discipline
4. Trust as a competitive advantage

WMT Total return to shareholders



FY12 FY13 FY14 FY15 FY16 FY17 FY18 FY19 FY20 FY21

Strong, efficient growth

Consistent operating discipline

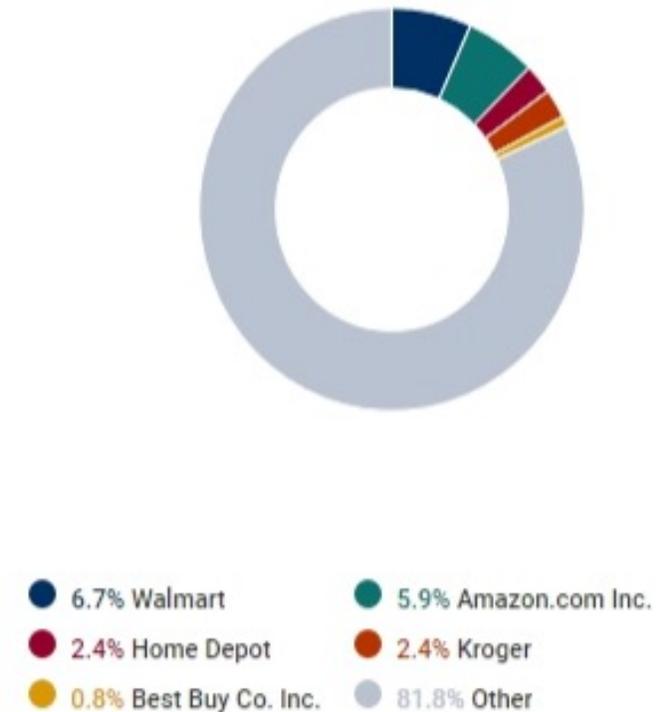
Strategic capital allocation

Framework for sustainable earnings growth and strong returns

Industry Overview

- Mix of brick-and-mortar and online retailers
- \$5.364 trillion market capitalization
- Key Drivers: Per capita disposable income, national unemployment rate, consumer confidence index, consumer spending, number of households, and population
- Risks
 - Supply chain disruptions
 - Inventory damage
 - Data/System breach for eCommerce

Major Players



Retail Trade
Source: IBISWorld

Ratio Analysis

	Valuation				Liquidity	
	EV	EPS	P/E	EV/EBITDA	Current	Quick
Walmart	450,380	4.77	30.22	13.36	0.97	0.49
Amazon	1,673,309	42.64	76.38	34.75	1.05	0.86
Home Depot	333,501	11.98	22.17	16.04	1.23	0.51
Kroger	37,297	3.31	9.60	6.75	0.81	0.26
Target	100,768	8.72	20.24	11.17	1.03	0.50
Best Buy	26,325	6.93	14.40	8.15	1.19	0.66
Average	436,930	13.06	28.84	15.04	1.05	0.55
Average	189,654	7.14	19.33	11.09	1.05	0.48

	Leverage			Profitability		
	Debt to Assets	Debt to Equity	Interest Coverage	Gross Margin	EBITDA Margin	Operating Margin
Walmart	0.18	0.55	10.41	24.83%	6.03%	4.03%
Amazon	0.10	0.34	14.68	39.57%	12.47%	5.93%
Home Depot	0.51	10.86	12.60	33.95%	15.74%	1.38%
Kroger	0.28	1.40	6.19	23.32%	4.17%	2.10%
Target	0.25	0.88	5.68	29.27%	9.65%	6.99%
Best Buy	0.07	0.30	45.71	22.37%	6.83%	5.06%
Average	0.23	2.39	15.88	28.89%	9.15%	4.25%
Average	0.26	2.80	16.12	26.75%	8.48%	3.91%

DCF Valuation

FREE CASH FLOWS - USD (\$) in Millions					
Discounted Cash Flow Model	2022E	2023E	2024E	2025E	2026E
Operating Earnings	23,788	24,930	26,027	27,068	28,151
Less: Taxes	32%	32%	32%	32%	32%
Net Operating Profit After Taxes	16,176	16,952	17,698	18,406	19,142
Less: CAPEX, Net	(17,068)	(10,645)	(9,703)	(6,739)	(6,421)
Net Working Capital Changes	813	749	719	682	710
Free Cash Flow	(79)	7,056	8,715	12,349	13,431
Weighted Average Cost of Capital	4.45%				
Net Present Value of Free Cash Flows	\$35,223				

- Tax rate used was 3-year average (2019-2021) to calculate NOPAT
- CAPEX calculated using the same growth rate as sales

Long-Term Growth Rate	
Net Reinvestment	
CAPEX & Depreciation	6,421
NWC Changes	(710)
Net Reinvestment	5,712
NOPAT	19,142
Net Reinvestment Rate	29.84%
Return on Invested Capital	
NOPAT	19,142
Invested Capital	170,468
ROIC	11.23%
Long-Term Growth Rate	
	1.00%

Share Price Target

- Target Price: \$159.95
- WACC: 4.45%
- LT Growth Rate: 1%

DCF Target: \$159.95 (7.05% upside)

Enterprise Value	503,240
Less: Net Debt	47,648
Add: Short-Term Investments	-
Equity Value	455,592
Diluted Weighted Average Common Shares Outstanding	2,847
Value per Share	160.03
Market Price, as at date of 10-K (01/31/2021)	138.85
Market Price, as at October 29th 2021	149.42
Undervalued, as at January 31, 2021	15.25%
Undervalued, as at October 29, 2021	7.10%

		WACC					
		159.96	3.75%	4.45%	5.25%	6.00%	6.75%
LT Growth Rate	0.5%	175.25	138.41	109.44	90.11	75.48	
	1.0%	208.91	159.95	123.51	100.15	82.95	
	1.5%	257.55	188.79	141.34	112.43	91.84	
	2.0%	333.97	229.43	164.65	127.77	102.61	
	2.5%	471.53	290.94	196.44	147.49	115.91	

Recommendation

Proposal	
Current MV of Position	\$29,744.58
Current Portfolio Weight	1.15%
Current Sector Weight (Consumer Staples)	5.48%
Proposed Position	≈\$100,000
Proposed Sector Weight	≈8.19%

Buy	
Current Price	149.42
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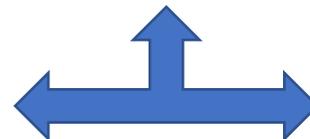
- Low beta, resulting in improved Treynor and Sharpe ratios for our portfolio
- Industry leader showing strong growth even through adverse circumstances such as COVID-19

Investment Recommendation:
Buy \$70,000 of WMT

Exit Strategy

In November 2022, if WMT price per share is \$119.54 or lower (20% lower than current price)

**Liquidate
50%**



In November 2022, if WMT price per share is \$191.95 or higher (20% higher than the target price)

Questions?

Celani Fund

November 1, 2021



Appendix

Celani Fund

November 1, 2021



CONSOLIDATED STATEMENTS OF INCOME - USD (\$) in Millions						
	2021A	2022E	2023E	2024E	2025E	2026E
Income Statement						
Net Sales	\$ 559,151	\$ 589,904	\$ 618,220	\$ 645,421	\$ 671,238	\$ 698,088
Cost of Goods Sold	420,315	443,432	464,717	485,165	504,571	524,754
SG&A Expenses	116,288	122,684	128,573	134,230	139,599	145,183
Operating Income	22,548	23,788	24,930	26,027	27,068	28,151
Interest income	(121)	(121)	(121)	(121)	(121)	(121)
Interest Expense	1,976	1,836	1,577	1,300	894	370
Interest Expense on F&L Obligations	339	339	339	339	339	339
Other Gains and Losses	(210)	(210)	(210)	(210)	(210)	(210)
Income Before Income Taxes	20,564	21,282	22,683	24,057	25,504	27,110
Income Taxes	6,858	6,810	7,258	7,698	8,161	8,675
Net Income	13,706	14,472	15,424	16,359	17,342	18,435
Less: Net Income Attributable to Noncontrolling Intere	196	207	221	234	248	264
Net Income (Loss) Attributable to Walmart	13,510	14,265	15,204	16,125	17,094	18,171

CONSOLIDATED BALANCE SHEETS - USD (\$) in Millions						
	2021A	2022E	2023E	2024E	2025E	2026E
Current assets:						
Cash and cash equivalents	\$17,741	\$9,465	\$9,465	\$9,465	\$9,465	\$9,465
Receivables, net	6,516	6,874	7,204	7,521	7,822	8,135
Inventories	44,949	47,421	49,697	51,884	53,959	56,118
Prepaid expenses and other	20,861	22,008	23,065	24,080	25,043	26,045
Total current assets	90,067	85,769	89,432	92,950	96,289	99,762
Property and equipment, net	92,201	109,269	119,914	129,617	136,356	142,777
Operating lease right-of-use assets	13,642	13,642	13,642	13,642	13,642	13,642
Finance lease right-of-use assets, net	4,005	4,005	4,005	4,005	4,005	4,005
Goodwill	28,983	28,983	28,983	28,983	28,983	28,983
Other long-term assets	23,598	23,598	23,598	23,598	23,598	23,598
Total assets	252,496	265,266	279,573	292,795	302,873	312,768
LIABILITIES AND EQUITY						
Current liabilities:						
Short-term borrowings	224	224	224	224	224	224
Accounts payable	49,141	51,844	54,332	56,723	58,992	61,351
Accrued liabilities	37,966	40,054	41,977	43,824	45,577	47,400
Accrued income taxes	242	242	242	242	242	242
Long-term debt due within one year	3,115					
Operating lease obligations due within one year	1,466	1,466	1,466	1,466	1,466	1,466
Finance lease obligations due within one year	491	491	491	491	491	491
Total current liabilities	92,645	94,321	98,732	102,970	106,991	111,174
Long-term debt	41,194	38,023	32,716	25,574	14,537	2,077
Long-term operating lease obligations	12,909	12,909	12,909	12,909	12,909	12,909
Long-term finance lease obligations	3,847	3,847	3,847	3,847	3,847	3,847
Deferred income taxes and other	14,370	14,370	14,370	14,370	14,370	14,370
Total Liabilities	164,965	163,470	162,574	159,670	152,654	144,378
Shareholders' Equity:						
Common stock	282	282	282	282	282	282
Capital in excess of par value	3,646	3,646	3,646	3,646	3,646	3,646
Retained earnings	\$ 88,763	\$ 103,028	\$ 118,232	\$ 134,357	\$ 151,451	\$ 169,622
Accumulated other comprehensive loss	\$ (11,766)	\$ (11,766)	\$ (11,766)	\$ (11,766)	\$ (11,766)	\$ (11,766)
Total Walmart shareholders' equity, Including Noncontrolling Interest	\$ 80,925	\$ 95,190	\$ 110,394	\$ 126,519	\$ 143,613	\$ 161,784
Noncontrolling Interest	\$ 6,606	\$ 6,606	\$ 6,606	\$ 6,606	\$ 6,606	\$ 6,606
Total liabilities and equity	252,496	265,266	279,573	292,795	302,873	312,768
Difference	\$ -	\$ -	\$ -	\$ (0.00)	\$ -	\$ -



CONSOLIDATED STATEMENTS OF CASH FLOWS - USD (\$) in Millions						
	2021A	2022E	2023E	2024E	2025E	2026E
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents, Beginning Balan	9465	17,741	9465	9465	9465	9465
OPERATING ACTIVITIES						
Net Income	13,706	14,265	15,204	16,125	17,094	18,171
Adjustments to reconcile consolidated net income to net cash provided by operating activities:						
Depreciation and amortization	11,152	-	-	-	-	-
Net unrealized and realized (gains) and losses	(8,589)	-	-	-	-	-
Losses on disposal of business operations	8,401	-	-	-	-	-
Asda pension contribution	-	-	-	-	-	-
Deferred income taxes	1,911	-	-	-	-	-
Other operating activities	1,521	-	-	-	-	-
Changes in certain assets and liabilities, net of effects of acquisitions and dispositions:						
Receivables, net	(1,086)	(358)	(330)	(317)	(301)	(313)
Inventories	(2,395)	(2,472)	(2,276)	(2,187)	(2,075)	(2,158)
Accounts payable	6,966	2,703	2,489	2,391	2,269	2,360
Accrued liabilities	4,623	2,088	1,923	1,847	1,753	1,823
Accrued income taxes	(136)	-	-	-	-	-
Prepaid Expenses	(19,239)	(1,147)	(1,056)	(1,015)	(963)	(1,002)
Net cash provided by operating activities	36,074	15,078	15,952	16,844	17,777	18,881
Cash flows from investing activities:						
Payments for property and equipment	(10,264)	(17,068)	(10,645)	(9,703)	(6,739)	(6,421)
Proceeds from the disposal of property and equipment	215	-	-	-	-	-
Proceeds from the disposal of certain operations	56	-	-	-	-	-
Payments for business acquisitions, net of cash acquired	(180)	-	-	-	-	-
Other investing activities	102	-	-	-	-	-
Net cash used in investing activities	10,071	(17,068)	(10,645)	(9,703)	(6,739)	(6,421)
Cash flows from financing activities:						
Proceeds from (repayments of) short-term debt	(2,247)	(3,115)	-	-	-	-
Net change in short-term borrowings	(324)	-	-	-	-	-
Proceeds from issuance of long-term debt	-	-	-	-	-	-
Repayments of long-term debt	(5,382)	(3,171)	(5,307)	(7,141)	(11,037)	(12,460)
Dividends paid	(6,116)	-	-	-	-	-
Purchase of Company stock	(2,625)	-	-	-	-	-
Dividends paid to noncontrolling interest	(434)	-	-	-	-	-
Other financing activities	(1,236)	-	-	-	-	-
Net cash used in financing activities	(16,117)	(6,286)	(5,307)	(7,141)	(11,037)	(12,460)
Effect of exchange rates on cash, cash equivalents and restricted cash	235	-	-	-	-	-
Net increase in cash, cash equivalents, and restricted cash	10,121	(8,276)	0	-	-	-
Cash and cash equivalents reclassified as assets held for sale	(1,848)	-	-	-	-	-
Cash, cash equivalents and restricted cash at beginning of year	9,515	17,741	9,465	9,465	9,465	9,465
Cash, cash equivalents and restricted cash at end of year	17,741	9,465	9,465	9,465	9,465	9,465
difference	-	-	0	-	-	-

RETAIL TRADE COMPETITOR ANALYSIS - USD (\$) in Millions

	Walmart	Amazon	Home Depot	Kroger	Target	Best Buy	Average (Excluding Walmart & AMZN)
Market Price, as at 12/31/2020	144.15	3256.93	265.62	31.76	176.53	99.79	143.43
Shares Outstanding	2,817	504	1077	752	499	250	645
Market Capitalization	406,071	1,641,493	286,073	23,884	88,088	24,948	105,748
Debt							
Short-Term	3,339	0	11,606	911	1,144	124	3,446
Long-Term	41,194	31,816	35,822	12,502	11,536	1,253	15,278
Total Debt	44,533	31,816	47,428	13,413	12,680	1,377	18,725
Enterprise Value	450,604	1,673,309	333,501	37,297	100,768	26,325	124,473
EBIT	22,548	22,899	18,278	2,780	6,539	2,391	7,497
Depreciation & Amortization	11,152	25,251	2,519	2,747	2,485	839	2,148
EBITDA	33,700	48,150	20,797	5,527	9,024	3,230	9,645
EBITDA Multiple	13.37	34.75	16.04	6.75	11.17	8.15	10.53
Earnings per Share	4.77	42.64	11.98	3.31	8.72	6.93	7.74
P/E Ratio, as at Fiscal Y	30.22	76.38	22.17	9.60	20.24	14.40	16.60
Walmart							
EBIT	22,548	22,548	22,548	22,548	22,548	22,548	22,548
Depreciation & Amortization	11,152	11,152	11,152	11,152	11,152	11,152	11,152
EBITDA	33,700	33,700	33,700	33,700	33,700	33,700	33,700
Enterprise Value	450,604	1,171,142	540,413	227,410	376,318	274,655	354,699
Less: Debt	44,533	44,533	44,533	44,533	44,533	44,533	44,533
Equity Value	406,071	1,126,609	495,880	182,877	331,785	230,122	310,166
Shares Outstanding	2,817	2,817	2,817	2,817	2,817	2,817	2,817
Value per Share	144.15	399.93	176.03	64.92	117.78	81.69	110.11
Price, as at Fiscal YE	144.15	144.15	144.15	144.15	144.15	144.15	144.15
Under (Over) Valued (%)	0%	177%	22%	-55%	-18%	-43%	-24%

	Valuation				Liquidity	
	EV	EPS	P/E	EV/EBITDA	Current	Quick
Walmart	450,604	4.77	30.22	13.37	0.97	0.49
Amazon	1,673,309	42.64	76.38	34.75	1.05	0.86
Home Depot	333,501	11.98	22.17	16.04	1.23	0.51
Kroger	37,297	3.31	9.60	6.75	0.81	0.26
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Best Buy	26,325	6.93	14.40	8.15	1.19	0.66
Average	436,967	13.06	28.84	15.04	1.05	0.55
Average	189,699	7.14	19.33	11.09	1.05	0.48

	Leverage			Profitability		
	Debt to Assets	Debt to Equity	Interest Coverage	Gross Margin	EBITDA Margin	Operating Margin
Walmart	0.18	0.51	10.41	24.83%	6.03%	4.03%
Amazon	0.10	0.34	14.68	39.57%	12.47%	5.93%
Home Depot	0.51	10.86	12.60	33.95%	15.74%	1.38%
Kroger	0.28	1.40	6.19	23.32%	4.17%	2.10%
Target	0.25	0.88	5.68	29.27%	9.65%	6.99%
Best Buy	0.07	0.30	45.71	22.37%	6.83%	5.06%
Average	0.23	2.38	15.88	28.89%	9.15%	4.25%
Average	0.26	2.79	16.12	26.75%	8.48%	3.91%

FREE CASH FLOWS - USD (\$) in Millions

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Less: Taxes	32%	32%	32%	32%	32%
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Weighted Average Cost of Capital	4.45%				
Net Present Value of Free Cash Flows	\$35,223				

Walmart Inc. Ratios

Liquidity Ratios		Efficiency		Financial Leverage		Profitability		Growth and valuation		Activity Ratio		Portfolio Ratios	
Cash ratio	0.19	Days receivables	4.25	Debt to total assets	0.18	Return on common equity (ROE)	16.9%	One-year sales growth	7.0%	Asset turnover	2.21	Sharpe ratio	1.21
Acid test (Quick ratio)	0.49	Days payables	42.67	Long-term leverage ratio	0.51	Return on assets (ROA)	5.6%	One-year operating income growth	8.8%	Accounts receivable turnover	85.81	Treynor Ratio	0.36
Current ratio	0.97	Days of inventory	39.03	Debt to Equity	0.51	Return on invested capital (ROC)	11.2%	One-year net income growth	-10.91%	Inventory turnover	9.35		
				Total debt to EBITDA	1.32	Gross margin	24.8%	Enterprise multiple	13.8	Cash conversion cycle (days)	0.61		
				Interest coverage ratio	10.41	EBITDA Margin	6.0%	Enterprise value-to-sales	0.8				
						Operating margin	4.0%	P/E ratio	31.3				
						Pre-tax margin	3.7%						
						Net income margin	2.5%						



Long-Term Growth Rate	
Net Reinvestment	
CAPEX & Depreciation	6,421
NWC Changes	(710)
Net Reinvestment	5,712
NOPAT	19,142
Net Reinvestment Rate	29.84%
Return on Invested Capital	
NOPAT	19,142
Invested Capital	170,468
ROIC	11.23%
Growth rate (not using because so high)	3.35%
Long-Term Growth Rate	1.00%

Terminal Value	
Numerator	20,051
Denominator	3.45%
Terminal Value	581,788
Present Value of Terminal Value	468,055.35

Enterprise Value	503,278
Less: Net Debt	47,872
Add: Short-Term Investments	-
Equity Value	455,406
Diluted Weighted Average Common Shares Outstanding	2,847
Value per Share	159.96
Market Price, as at date of 10-K (01/31/2021)	138.85
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LT Growth Rate	WACC					
	159.96	3.75%	4.45%	5.25%	6.00%	6.75%
0.5%	175.25	138.41	109.44	90.11	75.48	
1.0%	208.91	159.95	123.51	100.15	82.95	
1.5%	257.55	188.79	141.34	112.43	91.84	
2.0%	333.97	229.43	164.65	127.77	102.61	
2.5%	471.53	290.94	196.44	147.49	115.91	

Proposal	
Current MV of Position	\$29,744.58
Current Portfolio Weight	1.15%
Current Sector Weight (Consumer Staples)	5.48%
Proposed Position	≈\$100,000
Proposed Sector Weight	≈8.19%

Walmart	
5-Year Monthly Beta	
Covariance	0.000998426
Variance	0.001960493
Beta	0.51

Cost of Equity

10-Year Risk Free Rate (as of 10/31/2021)	1.58%
Beta	0.51
Market Risk Premium (Geometric Mean)	6%
Cost of Equity	4.64%

Cost of Debt

Cost of Debt	3.91%
Effective Tax Rate (Averaged from 2019-2021)	32%
After Tax Cost of Debt	2.66%

WACC

Cost of Equity	4.64%
Weighted Equity	90.43%
After Tax Cost of Debt	2.66%
Weight of Debt	9.57%
WACC	4.45%

Enterprise Value	
Market Value of Equity	420,926,852,667
Market Value of Debt	44,533,000,000
Enterprise Value	465,459,852,667
Shares Outstanding	2,817,071,695
Market Price, October 29, 2021	149.42

Capital Structure

Weight of Equity	90.43%
Weight of Debt	9.57%

Interest Rate Calculation (\$Millions)		
	2021	2020
Total Debt	44,309	49,076
Long-term Debt	41,194	43,714
Long-term weighted average interest rates	4.05%	3.80%
% of Debt	92.97%	89.07%
Short-term Debt	3,339	5,362
Short-term weighted average interest rates	1.90%	5.00%
% of Debt	7.54%	10.93%
Weighted Average Cost of Debt	3.91%	3.93%

Total Debt	44,309	49,076
Interest Expense	2,315	2,599
Rate (per balance sheet)	5.22%	5.30%

	Walmart	S&P
Sum	0.93	0.79
Average annualized return	19.00%	16.03%
R-squared	0.194296125	
Monthly rf rate	0.005	
Alpha	0.10842	
Standard Deviation	0.044277459	0.044277
Annualized Standard Deviation	0.153381616	
Sharpe Ratio	1.21	3.51
Treynor Ratio	0.36	0.30

Consumer Staples Sector		
\$ 192,091.01	\$ 142,091.01	\$ 212,346.43
\$ 10,582.92	\$ 10,582.92	\$ 10,582.92
\$ 110.67	\$ 110.67	\$ 110.67
\$ 101,652.84	\$ 101,652.84	\$ 101,652.84
\$ 79,744.58	\$ 29,744.58	\$ 100,000.00