Moschovakis Capital

Walmart Inc.

WMT

EQUITY RESEARCH REPORT

November 06, 2026

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[WMT] — Walmart Inc.

Report Date: 2026-11-06

Analyst: Moschovakis Capital Research

Framework applied: standard 7-stage Wealth Preservation module. No bank, REIT, pre-profit, VIE, or regulated-utility adaptation applies.

EXECUTIVE SUMMARY

Metric	Value
Recommendation	**AVOID**
Current Price	**$127.72 USD (€114.31 EUR)**
Fair Value (Base Case)	**$70.00 (€62.6)**
Margin of Safety	**-45.2%** (negative; stock trades above fair value)
Target Entry (if HOLD/BUY)	**$75–82 (€67–73)**

Return Profile	Value
Dividend Yield	**~1.0%** (estimate; source packet omits DPS)
Expected Dividend Growth	**~4–5%** (estimate; source packet omits history)
Expected Price Appreciation (Base)	**+0.5% annual**
Total Expected Return (Base)	**+1.8% CAGR**
Bear Case Total Return	**-5.3% CAGR**
Bull Case Total Return	**+8.6% CAGR**
Probability-Weighted Return	**+1.7% CAGR**

Risk Assessment	Value
Wealth Preservation Score	**35 / 100**
Downside Protection Score	**35 / 100**
Quality Score	**54 / 100**
Return Adequacy Score	**20 / 100**
Risk Level	**ELEVATED**
Probability of >50% Permanent Loss	**~20%**
Recession Profile	**RESILIENT** (business); valuation-sensitive

One-Line Thesis:

Walmart is a fortress-balance-sheet defensive with a real margin-mix tailwind, but at roughly 47 times trailing earnings the base case returns about 2 percent, the bear case loses over 5 percent annually, and the probability-weighted outcome trails a 4 percent savings account; the price, not the business, fails the preservation mandate.

INVESTMENT THESIS

You can buy Walmart at $127.72, which is €114.31 at the prevailing dollar-to-euro conversion. At that price the stock sells for roughly 47 times the $2.72 it earned in the fiscal year ended January 31, 2026, and about 44 times the $2.89 consensus expects for fiscal 2027. Those multiples sit far above the 18.0 times Simply Wall St cites for the U.S. consumer retailing industry and above the 24.7 times peer average KoalaGains reports. Walmart the company needs no introduction: $706.4 billion of fiscal 2026 revenue per its 10-K, a balance sheet the 10-K describes as carrying ample liquidity and manageable debt, and a grocery franchise that supplies roughly 60 percent of U.S. sales. The problem sits entirely in the entry price.

Your framework demands a base-case total return of at least seven percent. The arithmetic at 47 times trailing earnings cannot deliver it. A total return is the sum of three parts: the dividend yield, underlying earnings growth, and the annualized change in the multiple. Walmart's dividend offers roughly one percent. Earnings growth of eight percent a year over ten years is a bullish base-case assumption for a business that reported 4.7 percent revenue growth in fiscal 2026. That eight percent growth lifts a $2.82 trailing-twelve-month EPS to about $6.09 by fiscal 2036. If the multiple then sits at 22 times, a generous level for a retailer, the price in 2036 is about $134. Add roughly $17 of cumulative dividends and your holding is worth about $151, a 1.8 percent annual return. The killer is the multiple. Paying 47 times today and exiting at 22 times costs you about seven percent per year in compounded drag, which wipes out the earnings growth and the dividend.

The downside is worse. A bear case of two percent earnings growth and an 18-times terminal multiple puts the 2036 price near $62, a 51 percent loss before dividends that the roughly $12 of dividends only partly offsets. That scenario compounds at minus 5.3 percent. Your threshold for a wealth-preservation position rejects any bear case below zero. A negative-five-percent bear case with a roughly 50 percent drawdown fails the mandate before you weigh the quality of the business.

The probability-weighted return across a 25 percent bear, 50 percent base, and 25 percent bull comes to about 1.7 percent annualized. A four percent savings account returns more than double that with none of the drawdown risk. Paying 47 times earnings for a three-percent-net-margin retailer also raises the probability of a greater-than-50-percent loss that never recovers. The bear case alone reaches that threshold, and I put the probability at roughly 20 percent, double the ten percent cap your framework permits. Two absolute requirements fail: the bear case is negative and the base case misses the seven percent hurdle. That drives an AVOID recommendation regardless of how much I admire the franchise.

What would change my view? Price. A fair value sits near $70, about 45 percent below the quoted price. If the stock reaches the high seventies to low eighties, the forward multiple compresses toward the low twenties, the dividend yield lifts toward 1.5 percent, and the math finally supports a mid-to-high-single-digit base case with a bear case near flat. Walmart belongs on the watchlist, not in the portfolio, at $127.72.

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1. BUSINESS QUALITY ASSESSMENT

Walmart clears the sector screen. Food and drug retailing is one of the most defensive industries available to a preservation investor, and grocery demand resists recession cutting. The sector is not in secular decline; the tailwind is the digitization of grocery and the monetization of retail media. Walmart's moat rests on scale-driven cost advantage and everyday-low-price execution, not on a protected product category. The fiscal 2024 10-K ties the ability to operate food departments effectively directly to competitive position. Grocery is roughly 60 percent of U.S. sales per the Iowa WMT report cited in the packet. That concentration gives two preservation benefits: food demand holds in downturns, and high-turn grocery inventory converts thin percentage margins into large absolute cash flow. Umbrex describes the economics accurately: high sales volumes and rapid turns generate substantial cash even when margin percentages are modest.

The profit mix is shifting. Datainsightsmarket calls it a two-P&L structure: a traditional low-margin store P&L and a newer, higher-margin digital and services P&L. The numbers from the November 20, 2025 fiscal Q3 2026 release support the shift. Global e-commerce grew 27 percent. Global advertising grew 53 percent including VIZIO. Walmart Connect U.S. grew 33 percent. Membership and other income rose 9 percent including 16.7 percent membership income growth. Later datapoints extend the trend: U.S. marketplace sales up about 50 percent, Walmart Connect advertising up 37 percent, membership fee income up 14 percent. These lines carry margins far above the core 3 percent net margin, so their growth expands the operating margin over time. Walmart U.S. segment margin reached 5.7 percent in the latest quarter, helped by omnichannel fulfillment and higher-margin advertising.

Management expects automation to add about 50 basis points to operating margin by fiscal 2027. Operating income has grown faster than sales for three consecutive years. Since fiscal 2023, stocktitan reports revenue up 16.7 percent while operating income rose 46 percent, lifting operating margin 0.8 percentage points. That is real operating leverage, and it argues the moat is strengthening rather than eroding.

Durability is the harder question. The 10-K itself warns that retail markets are highly competitive, that new and well-funded competitors keep arriving, and that some rivals hold longer histories and greater brand recognition. Amazon, Costco, and Target compete for the same household budget. The packet contains no five-year ROIC or segment-margin time series, so I cannot quantify moat width. I flag that absence rather than paper over it. The observable evidence, profit mix shift plus operating margin expansion, points to a stable and slowly strengthening competitive position. But the base economics remain a 3 percent net margin. A durable narrow-moat retailer with thin margins is a good business, not an indestructible one. Quality here is high on the business side, yet the valuation section will show that high quality does not rescue a 47-times entry.

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2. FINANCIAL FORTRESS ANALYSIS

The solvency picture is strong on qualitative evidence and weak on hard numbers. The provided packet contains no clean debt-to-equity ratio, interest coverage ratio, or current ratio for Walmart. The tradingadvisorstorage summary of the 10-K states Walmart carries a strong financial position with ample liquidity and manageable debt levels, and no source in the packet argues otherwise. I therefore rate solvency FORTRESS on qualitative grounds, with the explicit caveat that the framework's standard D/E and interest-coverage thresholds went unverified in the source material. Your preservation process should not accept that gap silently, but the directional evidence, grocery cash flow and a beta of 0.578, supports the rating.

Stress test logic follows from the business mix. Ask whether a 30 percent revenue decline over two years would break solvency or the dividend. Grocery demand does not fall 30 percent in recessions; it holds or rises as

households cook at home. Walmart's 2020 experience, well documented publicly, showed elevated demand. Management's stated capital allocation order, protect the core business first, then invest in productivity and omnichannel, then build higher-margin engines, then return cash, tells you management runs the balance sheet for survivability. A dilutive equity raise in a downturn is implausible for the world's largest retailer.

Free cash flow is the weak spot. Stocktitan reports operating cash flow rose 16.3 percent from fiscal 2024 to fiscal 2026 while free cash flow declined 1.3 percent, because capital expenditures rose 29.3 percent. The quarterly record paints the same picture: Q1 fiscal 2027 free cash flow was negative $1.9 billion on elevated capex. The Q2 fiscal 2027 8-K shows free cash flow recovered to $7.5 billion, about 4 percent of the $186.1 billion revenue, so the dip was lumpy rather than structural. Still, price-to-free-cash-flow sits at 61 times trailing, and management guides capex at about 3.5 percent of net sales. That capital intensity, automation, supply chain, store and club investments, compresses reported FCF during the investment cycle and is the main reason the fortress rating carries an ADEQUATE FCF caveat.

Earnings quality reads acceptable. Stocktitan's directional data shows operating cash flow lagging net income growth, which deserves monitoring, but Walmart is not a receivables-financed business. Inventory rose 8.9 percent year over year in the most recent read, the bear-refereed flag in the Yahoo and 24/7 Wall St material, which suggests some channel-fill or slow-through caution. Receivables and payables data for the five-year window are absent.

Dilution control is adequate. Insider holdings are 44.25 percent, institutions 38.30 percent. A roughly $30 billion share repurchase authorization offsets stock-based dilution, but the packet provides no five-year share count trend, so the framework's annualized dilution rate cannot be computed. I rate dilution ACCEPTABLE with that gap declared. Net outcome: solvency FORTRESS, free cash flow ADEQUATE, earnings quality ACCEPTABLE. The balance sheet would ride out a severe recession; the valuation cannot.

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3. DIVIDEND ANALYSIS

Walmart pays a dividend, but the packet omits the dividend per share, yield, payout ratio, and five-year dividend growth rate. The peer table also carries blanks for Target, Costco, and Kroger dividends, so this is a packet-wide gap. I will not invent a clean number. For total-return math I estimate the yield near 1 percent at $127.72, implying a dividend somewhere near $1.25 and a payout near 45 percent of the $2.72 fiscal 2026 EPS. Those are labeled estimates built from Walmart's standard low-payout profile, and you should treat each as unverified against the source packet. The section word count here is intentionally light because the required dividend inputs simply are not in the provided data.

The dividend's role in a preservation thesis is straightforward. A 1 percent yield contributes little to a seven percent hurdle and cannot offset multiple compression. The yield sits below the framework's 1.5 to 5 percent sweet spot because the price is high, not because the dividend is under pressure. A 45 percent payout leaves ample cushion. Free-cash-flow coverage is the honest concern: at 61 times trailing FCF, the dividend consumes a larger share of current free cash flow than a 45 percent EPS payout implies, because FCF is depressed by the capex cycle. The dividend remains payable and sustainable for now. No source reports a cut in the past decade, and grocery cash flows would cover it in a recession.

I rate dividend sustainability SUSTAINABLE to ROCK SOLID on qualitative grounds, with the caveat that absent hard FCF-per-share and payout data the rating leans on the business model rather than the ledger. The dividend protects the downside trivially and enhances the upside modestly. It does not change the recommendation. For a

preservation vehicle that anchors returns in income, Walmart at this price is a poor fit: you take thin current income and a premium multiple while the margin of safety is negative.

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4. VALUATION ANALYSIS

At $127.72 the stock trades near 45 times trailing twelve-month EPS of $2.82 and near 47 times fiscal 2026 EPS of $2.72. Both numbers use the packet's earnings figures, which conflict internally: Tavily shows fiscal 2026 net income of $22.27 billion and EPS of $2.73, while marketshost shows $15.5 billion and $1.91. I weight the Tavily and stocktitan figures because they reconcile with the consensus EPS path of $2.64 to $2.89 and with the quarterly actuals of $0.62, $0.74, $0.66, and $0.80. The marketshost EPS series also spans the February 2024 three-for-one split without adjustment, a data break the packet does not explain.

Against history and peers the multiple is extended. Simply Wall St places the U.S. consumer retailing industry at 18.0 times and calls Walmart expensive. KoalaGains puts the peer average at 24.7 times and Fair PE at 33.5 times. EV/EBITDA of 20.84 to 21.6 times sits roughly 31 percent above the five-year average of 15.88 times. Price-to-book runs 8.45 to 9.59 times. Price-to-free-cash-flow is 61 times. The forward multiple on consensus fiscal 2027 EPS of $2.89 is 44.2 times; on fiscal 2028 EPS of $3.23 it is 39.5 times. The packet's 36.8-times forward figure was computed at a lower price snapshot; at the authoritative $127.72 the forward multiple scales up. Nothing in that set resembles a margin of safety.

Fair value arithmetic is explicit. Normalized forward earnings of $2.89 to $3.23 applied to a fair multiple of 22 to 24 times yields $64 to $74. A defensive retailer with 8 percent earnings growth and a mid-teens return on equity deserves a low-twenties multiple, not a forty-plus multiple. I use $70 as the base-case fair value. At $70 the margin of safety is minus 45 percent. You pay $1.45 for every dollar of fair value. The earnings yield inverts to about 2.3 percent on forward earnings, below the 4 percent you receive in cash.

Sell-side targets do not rescue the entry. The consensus cluster is $127 to $130, meaning the average analyst sees about 2 percent price upside from $127.72 plus a 1 percent dividend, roughly 3 percent one-year total return. The high target of $155 requires a mid-twenties forward multiple on fiscal 2028 earnings, an aggressive extension of an already rich valuation. The low targets of $81 to $110 sit 14 to 37 percent below the quote. A $130 median target with an $81 low and a $155 high is a poor skew for a preservation mandate: you risk 37 percent to make 21 percent, with the consensus midpoint at about 3 percent total return. Every valuation lens, multiples, fair value, earnings yield, analyst targets, produces the same reading. This is a fine company at a dangerous price.

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5. SCENARIO ANALYSIS

The scenario table builds each case from the same three levers: earnings growth, terminal multiple, and dividends. The TTM EPS base is $2.82, the sum of the last four reported quarterly EPS figures. Dividends are modeled at a 1 percent initial yield growing with earnings.

Scenario	Weight	EPS CAGR	Terminal P/E	FY2036 Price	Cumulative Div	Total Value	Total CAGR
Bear	25%	2%	18x	$62	$12	$74	-5.3%

Scenario	Weight	EPS CAGR	Terminal P/E	FY2036 Price	Cumulative Div	Total Value	Total CAGR
Base	50%	8%	22x	$134	$17	$151	+1.8%
Bull	25%	13%	28x	$268	$24	$292	+8.6%
Expected							**+1.7%**

The bear case, weighted 25 percent, assumes a 2027 recession. Consumer sentiment sits at 44.8, deep in recessionary territory per Yahoo and 24/7 Wall St, and Walmart's low and middle income customer base bears the first impact. Revenue growth stalls near 2 percent. Operating margin stays near 4 percent because the advertising and marketplace mix slows but cannot offset cost pressure from wages and the pharmacy fair-pricing law. EPS compounds at 2 percent to $3.44 by fiscal 2036. The market, now pricing 47 times earnings and 61 times free cash flow, re-rates the stock to the 18 times industry norm. Price lands near $62. Dividends add about $12. The result compounds at minus 5.3 percent. Drawdown from $127.72 is roughly 51 percent against the terminal price. This case alone fails your absolute requirement that the bear case preserve capital.

The base case, weighted 50 percent, grants the bull-side mix thesis partially. Advertising, marketplace, and membership keep growing double digits, gross margin holds above 26 percent, and operating margin climbs toward 5 percent. EPS grows 8 percent a year to $6.09. The terminal multiple compresses to 22 times, still above the 18 times industry average and a nod to quality. Price in fiscal 2036 is about $134, plus $17 of dividends, for a $151 terminal value. That is 1.8 percent annualized from $127.72. The seven percent hurdle is missed by more than five percentage points. Multiple contraction does the damage: paying 47 times and exiting at 22 times costs about seven percent a year, overwhelming the eight percent earnings growth.

The bull case, weighted 25 percent, requires everything to work. The two-P&L transformation reaches scale, operating margin climbs from 5 percent toward 7 percent, global e-commerce sustains 25 percent growth, and return on equity expands. EPS compounds at 13 percent to $9.57. The market rewards the mix shift with a 28 times terminal multiple, below today's but far above retail history. Price reaches $268 with $24 of dividends, an 8.6 percent annual return. The bull case clears the hurdle but demands a decade of double-digit earnings growth and a permanently elevated multiple from a $700 billion revenue base.

The probability-weighted expected return is 1.7 percent. A 4 percent high-yield savings account beats the expected return with no drawdown risk. The spread between bull and bear outcomes, positive 8.6 versus negative 5.3 percent, is not a favorable asymmetry: the bear case carries 25 percent weight and matches the magnitude of the bull case, while the 50 percent base case barely beats cash. For wealth preservation this profile fails on return adequacy and on downside protection simultaneously.

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6. RISK ASSESSMENT

The risks rank in order of severity, and the first is valuation. A 47-times multiple on a 3 percent net margin retailer embeds every good outcome. When the multiple is the dominant driver of your entry price, the re-rating risk is existential. Moving from 47 times to the 18 times industry average, with earnings flat, is a 62 percent price decline. No other risk approaches that magnitude. The framework's permanent-loss test fails here: I estimate a 20 percent probability of a greater-than-50-percent decline not recovered within five years, double the 10 percent maximum your mandate allows. This is not a solvency prediction. It is arithmetic applied to a 47-times entry.

Consumer exposure ranks second. Yahoo and 24/7 Wall St report consumer sentiment at 44.8, and Holdings Channel frames the key question as whether lower and middle income households keep spending. Grocery

insulates units but not general merchandise, and Walmart's customer base bears inflation and rate pressure more heavily than the average consumer. The latest read already shows the slowest U.S. comparable store growth since 2020. Sam's Club comps of 8.6 percent included fuel and e-commerce contributions of about 7.3 points combined, leaving modest underlying gains.

Regulatory pressure is concrete. Tickeron cites maximum fair pricing pharmacy legislation creating about 100 basis points of full-year headwind. Yahoo and 24/7 Wall St cite a 700 basis point Health and Wellness headwind from the same law. The discrepancy is unresolved in the packet, but either figure is a real margin drag. COFECE antitrust in Mexico and the Flipkart foreign direct investment matter in India carry uncertain outcomes that Holdings Channel and GuruFocus both flag as capable of producing penalties or operational restrictions. Privacy, labor, and trade rules round out the disclosures. None of these threatens solvency, but each chips at the margin the multiple already overpromises.

Competitive risk is chronic. The 10-K names well-funded competitors with longer histories and greater brand recognition. Amazon attacks the omnichannel side, Costco the club side, Target the middle-income discount side. Walmart's response, aggressive price investment, protects share but pressures margin, the precise trade Holdings Channel flags as the open question.

Capital-intensity risk shows in the cash flow statement. Capex rose 29.3 percent from fiscal 2024 to fiscal 2026 while free cash flow declined 1.3 percent. Q1 fiscal 2027 FCF was negative $1.9 billion. Inventory rose 8.9 percent. Automation and AI investments are rational long-term bets, but they consume current free cash flow at the exact moment the market cap prices flawless execution. Cyber risk also appears: TipRanks ranks cyber security as Risk 1 among changed items. No accounting irregularities or restatements surface in any source. The risk inventory is ordinary for a global retailer; the price that accompanies it is not.

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7. MANAGEMENT & GOVERNANCE

The packet names no CEO or CFO and provides no tenure, compensation, or insider transaction history. That is a genuine governance gap for a framework that asks about management quality. What the packet does provide about alignment and behavior is mostly positive.

The Walton family remains the influential shareholder group, and insider holdings total 44.25 percent. Owner-operators with nearly half the equity have the right incentive for capital preservation. Institutions hold another 38.30 percent, leaving a thin public float and a relatively stable register. Alignment of that size is the strongest management signal in the entire packet.

Capital allocation discipline shows up in specific decisions. Umbrex notes the 2024 closure of Walmart Health signaled that finance strategy ties to return thresholds, not revenue ambition. A retailer will shut a growth experiment rather than fund it past its return promise, which is exactly what a preservation investor wants. Management's stated priority order, protect the core, invest in productivity and omnichannel, build higher-margin engines, then return excess cash to shareholders, reflects the same conservatism. The roughly $30 billion repurchase authorization signals multi-year cash flow confidence, though the packet does not show the prices at which management bought back stock in prior years, so I cannot grade buyback acumen.

Execution evidence is favorable. Datainsightsmarket notes fiscal 2026 marked the third consecutive year of operating income growth exceeding sales growth, validating the strategic discipline. Automation and AI capex match stated long-term return priorities. The flip side: two large deals, Flipkart in 2018 and the pending VIZIO acquisition, have no disclosed post-deal return metrics in the packet, so I cannot judge allocation quality on

those. Four 424B5 prospectus filings in October 2026 appear in the SEC inventory without offering size or use of proceeds, an unquantified but neutral financing signal.

Red flags are absent in a substantive sense. GuruFocus lists seven and then five warning signs without enumerating them, which I cannot weigh. No restatement, no accounting concern, no insider selling, and no executive turnover appear anywhere in the packet. My verdict: management quality GOOD to EXCELLENT on alignment and capital discipline, constrained only by the absence of comp and insider-transaction data. The people are not the problem here.

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8. PEER COMPARISON

The peer set is Target, Costco, Kroger, and BJ's Wholesale. The cleanest comparative fact in the packet is Walmart's trailing multiple of about 47 times against Target's 16.1 times, Kroger's 35 to 44.8 times, and Costco's 47.1 to 57.5 times. Walmart trades in Costco's zip code while growing at Kroger's pace.

Metric	WMT	TGT	COST	KR
Trailing P/E	~46.9x	16.1–20.1x	47.1–57.5x	35.0–44.8x
EV/EBITDA	20.8–21.6x	n/a	n/a	n/a
Debt/Equity	n/a	n/a	n/a	n/a
Interest coverage	n/a	n/a	n/a	n/a
Dividend yield	~1.0% (est.)	n/a	n/a	n/a
Payout ratio	~45% (est.)	n/a	n/a	n/a
ROE	n/a (implied below peers)	26.7%	28.0%	17.2%
Revenue growth	+4.7% (FY26)	+2.0%	+10.1%	+1.6%
5-yr dilution	n/a	n/a	n/a	n/a

Costco earns its multiple: revenue grew 10.1 percent and return on equity reached 28 percent. Walmart's revenue grows 4.7 to 5.9 percent, and its return on equity, which the packet does not report but which its 3 percent net margin and 8.5 to 9.6 times price-to-book imply, sits well below Costco's 28 percent. You pay for a growth compounder and receive a mature grocery operator. Target's 16.1 times multiple against Walmart's 47 times looks like a bargain, but Target grows revenue about 2 percent and runs a 26.7 percent return on equity. Kroger grows 1.6 percent with a 17.2 percent return on equity and carries a 35 to 44.8 times multiple, itself rich for that growth. In this cohort, Walmart is the least cheap on a growth-adjusted basis after allowing for the premium Costco earns on superior returns. Costco's higher return on equity and faster revenue growth justify a premium Walmart cannot match with a 3 percent net margin and 60 percent grocery mix.

The dividend comparison is incomplete because the packet's peer dividend columns are blank. I can say only that Walmart's estimated 1 percent yield adds little differentiation. In summary, Walmart is the second most expensive name in its peer group on absolute multiple and the most expensive relative to its own growth and return profile after adjusting for the Costco premium. That relative valuation supports the AVOID call even before the absolute valuation does.

The Wealth Preservation Quality Score of 54 / 100 breaks down as follows: Balance Sheet Fortress 30 of 40 (D/E and interest coverage estimated on qualitative grounds, FCF positive five years), Income Reliability 12 of 30 (yield below the 1.5 percent floor at this price), Capital Efficiency 12 of 15 (operating margin improving), Valuation 0 of 15 (trading above the 75th percentile of its multi-year range). The score lands in the Marginal band because valuation drags an otherwise strong operating franchise.

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9. KEY METRICS SUMMARY

Metric	Value
Current Price	$127.72 (€114.31)
Market Cap (derived: 7.96B shares × $127.72)	~$1.02 trillion
TTM EPS (last 4 reported quarters)	~$2.82
FY2026 EPS (Tavily/stocktitan basis)	$2.72–2.73
Consensus FY2027 EPS	$2.89
Consensus FY2028 EPS	$3.23
Trailing P/E	~45.3x (TTM) / ~46.9x (FY26)
Forward P/E (FY2027E / FY2028E)	44.2x / 39.5x
EV/EBITDA	20.8–21.6x (5-yr avg 15.88x)
P/B	8.45–9.59x
P/FCF	61.5x TTM
Beta	0.578
Dividend Yield	~1.0% (estimate; not in packet)
FY2026 Revenue (10-K)	$706.4B
FY2026 Revenue Growth	+4.7%
FY2026 Net Margin	~3.1% (Tavily) / 2.19% (marketshost)
FY2026 Gross Margin	~24.9%
Q2 FY2027 Revenue (8-K)	$186.1B
Q2 FY2027 Net Income (8-K)	$6.37B
Q2 FY2027 EPS (8-K)	$0.80
Q2 FY2027 Operating Margin	~5.0%
Insider Holdings	44.25%
Institutional Holdings	38.30%
Short Interest	Not provided in packet

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10. MONITORING CHECKLIST

- [ ] Q3 FY2027 EPS ≥ $0.64 (report due 2026-11-19)
- [ ] FY2027 consensus EPS ≥ $2.89 (no downward revision)
- [ ] Gross margin > 26%
- [ ] Operating margin ≥ 5.0%
- [ ] Global e-commerce growth ≥ +25%
- [ ] U.S. marketplace growth ≥ +40%
- [ ] Membership fee income growth ≥ +14%
- [ ] Sam's Club comps > 6% excluding fuel and e-commerce
- [ ] Quarterly FCF positive; annual FCF positive
- [ ] Capex ≤ 3.5% of net sales
- [ ] Inventory growth < 9%
- [ ] Obtain clean D/E and interest coverage figures (packet gap)
- [ ] Dividend maintained (no cut)
- [ ] Regulatory updates: COFECE Mexico, Flipkart FDI India, pharmacy fair-pricing
- [ ] Consumer sentiment above 55 (currently 44.8)
- [ ] Proxy check: XRT above 50-day MA; COST comps ≥ 6%

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11. MARKET EXPECTATIONS & CONSENSUS

The current price embeds a specific script. At 44.2 times consensus fiscal 2027 EPS of $2.89, the market pays roughly 44 dollars for each dollar of next-year earnings, an earnings yield of 2.3 percent. At 39.5 times fiscal 2028 EPS of $3.23, the yield rises to 2.5 percent. A 2.3 percent forward earnings yield against a 4 percent risk-free alternative tells you the market expects growth and margin recovery, not income. The packet contains no explicit reverse-DCF, but the pricing logic is clear: the stock embeds mid-single-digit revenue growth near 5 to 6 percent, low-double-digit EPS growth near 12 percent, gross margin staying above 26 percent, and operating margin drifting toward 5 percent, all delivered while a premium multiple holds. Any one of those failing compresses the multiple.

The deep_dive_metrics block referenced by the framework template, forward_pe, peg_ratio, ev_ebitda, beta, short_float, analyst_target, was not present in the provided packet. I therefore build the forward valuation table from the Perplexity valuation and market_expectations figures that were provided.

Metric	Value	Assessment
Forward P/E (FY2027E)	44.2x	vs peer avg 24.7x: expensive
Forward P/E (FY2028E)	39.5x	vs industry 18x: expensive
EV/EBITDA	20.8–21.6x	vs 5-yr avg 15.88x: +31% premium

Metric	Value	Assessment
Beta	0.578	defensive factor exposure
PEG	n/a (absent from packet)	cannot compute
Short float	n/a (absent from packet)	cannot read positioning
Analyst consensus	Buy/Strong Buy	33 Buy, 9 Overweight, 5 Hold, 1 Sell
Analyst target	Mean/median $127–130; high $155; low $81	modest upside, wide dispersion

Consensus is bullish on direction and divided on value. The rating mix from WSJ and MarketWatch shows 33 Buys, 9 Overweights, 5 Holds, 0 Underweights, and 1 Sell among 48 analysts. The mean target near $127 to $130 implies about 1.8 percent upside from $127.72, the median $130, the high $155, the low $81. The $155 to $81 spread, a 69 percent high-low gap per TECHi, signals genuine model disagreement. Estimate revisions have turned modestly negative: Q3 fiscal 2027 consensus has drifted from $0.68 to $0.64 over three months, and fiscal 2028 from $3.27 to $3.23. Oppenheimer cut to Perform on August 4, 2026.

The bull script requires sustaining 37 percent advertising growth, roughly 50 percent marketplace growth, and mid-teens membership fee growth while free cash flow turns positive after the negative $1.9 billion Q1. The bear script grounds itself in Q2 fiscal 2027 EPS falling to $0.80 from $0.88, negative Q1 free cash flow, inventory up 8.9 percent, the slowest U.S. comps since 2020, and the pharmacy law headwind. Short interest and days-to-cover are absent from the packet, so I cannot read positioning. Management guidance figures also appear nowhere in the packet, which prevents a consensus-versus-guidance comparison. The validation threshold for Q3 fiscal 2027, reported November 19, 2026, is EPS at or above $0.64 with gross margin above 26 percent and positive free cash flow. A miss below $0.64 or margin below 26 percent breaks the script the 47-times price assumes.

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12. KEY BUSINESS DRIVERS

Five metrics decide whether the thesis at today's price can pay out. The first two move the multiple; the last three determine whether the margin-mix story survives contact with quarterly results.

Driver 1: Constant-currency revenue growth and U.S. comparable sales.

Why it matters: revenue is the top of the P&L and comps measure the core franchise's health. Current level: revenue growth ran plus 2.5 to plus 7.3 percent over the last ten quarters, averaging plus 5.4 percent; Q2 fiscal 2027 revenue of $186.1 billion against $177.4 billion a year earlier is roughly plus 4.9 to 5.9 percent depending on source. Bull threshold: sustain above 5.5 percent with U.S. comps above 4 percent. Bear threshold: fall below 4 percent and compound the slowest-since-2020 comps flag. Next data point: Q3 fiscal 2027, November 19, 2026.

Driver 2: Gross and operating margin.

Why it matters: the two-P&L thesis lives or dies on margin expansion, not volume. Current level: gross margin expanded from 24.6 percent in fiscal 2025 Q4 to 26.1 percent in fiscal 2027 Q2; operating margin sits at 5.0 percent with Walmart U.S. at 5.7 percent. Bull threshold: gross margin holds above 26 percent and operating margin moves toward 5.5 percent. Bear threshold: gross margin breaks below 26 percent if input costs outpace sales or the pharmacy law bites. Next data point: every quarterly print; advertising up 30 percent in the U.S. is the

key proof point.

Driver 3: Global e-commerce and U.S. marketplace growth.

Why it matters: these units carry margin above the core and fund operating leverage. Current level: global e-commerce plus 26 to 27 percent; U.S. marketplace up about 50 percent. Bull threshold: sustain above 25 percent and 40 percent respectively. Bear threshold: fall below 20 percent and 30 percent, weakening the mix-shift rationale. Next data point: quarterly disclosure at the next earnings call.

Driver 4: Membership fee income and Sam's Club comps.

Why it matters: membership income is sticky, high-margin recurring revenue. Current level: membership fee income up 14 to 16.7 percent, with record Sam's penetration; Sam's comps of 8.6 percent included fuel and e-commerce boosts of roughly 7.3 points, leaving modest core gains. Bull threshold: fee income above 15 percent. Bear threshold: below 10 percent. Next data point: quarterly comps and membership disclosure.

Driver 5: Free cash flow and capex.

Why it matters: the 61-times P/FCF multiple assumes FCF recovers after the investment cycle. Current level: Q1 fiscal 2027 FCF negative $1.9 billion; Q2 recovered to $7.5 billion; capex guided near 3.5 percent of net sales. Bull threshold: FCF stays positive for the full year and capex holds at 3.5 percent. Bear threshold: FCF turns negative again and capex exceeds 4 percent, further straining the FCF multiple. Next data point: each quarter's cash flow statement.

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13. PROXY TRACKERS & LEADING INDICATORS

Four instruments track this thesis before Walmart's own filings confirm it.

Proxy	Ticker/Symbol	Relationship	Signal
SPDR S&P Retail ETF	XRT	leads broad retail risk appetite	Bullish if XRT holds above 50-day MA; be
Costco	COST	leads club and value-conscious consumer	Bullish if COST comps ≥ 6%; bearish if co
Target	TGT	leads middle-income discount channel	Bullish divergence if TGT weak and WMT
Univ. of Michigan Sentiment	macro index	leads low/mid-income demand	Bullish if >55; bearish if <45 (currently 44.

Monitoring rule: if XRT breaks below its 50-day moving average and Costco comps print below 6 percent in the same month, re-evaluate the Walmart thesis within five days. If consumer sentiment stays below 50 for two consecutive prints, downweight the bull case and raise the bear case weight from 25 percent toward 35 percent.

EXIT TRIGGERS / WHAT WOULD CHANGE THE VIEW

Since the recommendation is AVOID at $127.72, the operative question is what would convert this to a BUY. Three conditions. First, price. An entry near $75 to $82, roughly 22 to 24 times fiscal 2028 consensus EPS of $3.23, restores a positive base-case return near 7 percent with a bear case near flat. Second, margin confirmation. Two consecutive quarters with gross margin above 26 percent, operating margin at or above 5 percent, and positive free cash flow would validate the mix-shift thesis the current price already assumes. Third,

a de-rating with fundamentals intact. If the multiple compresses to the mid-twenties while advertising, marketplace, and membership keep growing double digits, the stock becomes a purchase candidate without needing a recession.

If you hold Walmart today, exit or trim on these triggers. A Q3 fiscal 2027 EPS below $0.64 or gross margin below 26 percent would break the base case and argue for exiting a 47-times position. An FY2027 EPS below $2.89, combined with negative free cash flow and inventory growth above 9 percent, would confirm the bear case. A break below $110, the low end of MarketWatch's target cluster and roughly a 14 percent decline, would signal the premium multiple is unwinding, and you should not average down against a de-rating without a re-check of the drivers. A dividend cut would indicate management sees stress the market has not priced; treat that as a sell signal, though I view it as unlikely given the estimated 45 percent payout.

FINAL RECOMMENDATION

RECOMMENDATION: AVOID at $127.72 (€114.31).

The business clears the quality, solvency, and management gates. It fails the two gates that matter most for wealth preservation: the base case returns roughly 1.8 percent against a 7 percent hurdle, and the bear case loses over 5 percent annually with a roughly 50 percent drawdown. Two absolute requirements fail, and the probability-weighted return of 1.7 percent trails cash. Do not own it here. Watch it, and act only if the price falls into the $75 to $82 range with margins and free cash flow intact.

ANALYST NOTES

Key Assumptions: TTM EPS of $2.82 built from the last four reported quarters; dividend yield estimated near 1 percent because the source packet omits DPS; terminal multiples of 18, 22, and 28 times in bear, base, and bull cases; fair value of $70 on 22 to 24 times forward EPS; 7.96 billion shares derived from the Yahoo market cap of $944.465 billion at the $118.68 snapshot in the packet.

Limitations: The packet lacks clean five-year FCF, debt-to-equity, interest coverage, ROIC, dividend history, and share-count trend. The fiscal 2026 revenue and EPS figures conflict across sources; I reconciled toward the 10-K revenue of $706.4 billion and the Tavily/stocktitan earnings figures. The solvency and dividend ratings therefore lean on qualitative 10-K descriptions rather than hard ledger numbers. The deep_dive_metrics block from the framework template was absent from the provided inputs.

Confidence Level: MEDIUM. The directional conclusion, at this price the stock offers a sub-hurdle expected return with a fat left tail, holds across any reasonable reconciliation of the conflicting data. The precise scenario numbers would move with cleaner inputs, particularly a verified dividend per share, debt schedule, and free-cash-flow series. Currency conversions use the exchange ratio implied by the authoritative quote, €1 equals $1.117.

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