

WAL MART STORES INC

Form 10-Q

August 31, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

For the quarterly period ended July 31, 2017.

or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

For the transition period from _____ to _____.

Commission file number 1-6991

WAL-MART STORES, INC.

(Exact name of registrant as specified in its charter)

Delaware 71-0415188

(State or other jurisdiction of (I.R.S. Employer

incorporation or organization) Identification No.)

702 S.W. 8th Street 72716
Bentonville, Arkansas
(Address of principal executive offices) (Zip Code)

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

Former name, former address and former fiscal year, if changed since last report: N/A

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter periods that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer Accelerated Filer

Non-Accelerated Filer Smaller Reporting Company

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.

Indicate by a check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The registrant had 2,987,201,643 shares of common stock outstanding as of August 29, 2017.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Wal-Mart Stores, Inc.

Condensed Consolidated Statements of Income
(Unaudited)

(Amounts in millions, except per share data)	Three Months Ended		Six Months Ended	
	July 31, 2017	2016	July 31, 2017	2016
Revenues:				
Net sales	\$121,949	\$119,405	\$238,475	\$234,391
Membership and other income	1,406	1,449	2,422	2,367
Total revenues	123,355	120,854	240,897	236,758
Costs and expenses:				
Cost of sales	91,521	89,485	179,209	176,029
Operating, selling, general and administrative expenses	25,865	25,204	50,482	49,289
Operating income	5,969	6,165	11,206	11,440
Interest:				
Debt	522	509	1,028	1,008
Capital lease and financing obligations	91	79	183	165
Interest income	(38)	(22)	(73)	(46)
Interest, net	575	566	1,138	1,127
Loss on extinguishment of debt	788	—	788	—
Income before income taxes	4,606	5,599	9,280	10,313
Provision for income taxes	1,502	1,710	3,024	3,208
Consolidated net income	3,104	3,889	6,256	7,105
Consolidated net income attributable to noncontrolling interest	(205)	(116)	(318)	(253)
Consolidated net income attributable to Walmart	\$2,899	\$3,773	\$5,938	\$6,852
Net income per common share:				
Basic net income per common share attributable to Walmart	\$0.96	\$1.21	\$1.97	\$2.19
Diluted net income per common share attributable to Walmart	0.96	1.21	1.96	2.18
Weighted-average common shares outstanding:				
Basic	3,008	3,109	3,021	3,126
Diluted	3,021	3,119	3,034	3,136
Dividends declared per common share	\$—	\$—	\$2.04	\$2.00

See accompanying notes.

Table of ContentsWal-Mart Stores, Inc.
Condensed Consolidated Statements of Comprehensive Income
(Unaudited)

(Amounts in millions)	Three Months		Six Months	
	Ended July 31, 2017	2016	Ended July 31, 2017	2016
Consolidated net income	\$3,104	\$3,889	\$6,256	\$7,105
Less consolidated net income attributable to noncontrolling interest	(205)	(116)	(318)	(253)
Consolidated net income attributable to Walmart	2,899	3,773	5,938	6,852
Other comprehensive income (loss), net of income taxes				
Currency translation and other	1,026	(950)	2,185	(329)
Unrealized gain on available-for-sale securities	727	—	1,208	—
Net investment hedges	(36)	288	(149)	210
Cash flow hedges	115	(87)	143	56
Minimum pension liability	27	(7)	32	(106)
Other comprehensive income (loss), net of income taxes	1,859	(756)	3,419	(169)
Less other comprehensive income (loss) attributable to noncontrolling interest	(5)	79	(287)	94
Other comprehensive income (loss) attributable to Walmart	1,854	(677)	3,132	(75)
Comprehensive income, net of income taxes	4,963	3,133	9,675	6,936
Less comprehensive income (loss) attributable to noncontrolling interest	(210)	(37)	(605)	(159)
Comprehensive income attributable to Walmart	\$4,753	\$3,096	\$9,070	\$6,777
See accompanying notes.				

Table of ContentsWal-Mart Stores, Inc.
Condensed Consolidated Balance Sheets
(Unaudited)

(Amounts in millions)	July 31, 2017	January 31, 2017	July 31, 2016
ASSETS			
Current assets:			
Cash and cash equivalents	\$6,469	\$6,867	\$7,676
Receivables, net	5,395	5,835	5,275
Inventories	43,442	43,046	43,453
Prepaid expenses and other	1,457	1,941	1,828
Total current assets	56,763	57,689	58,232
Property and equipment:			
Property and equipment	183,545	179,492	178,596
Less accumulated depreciation	(75,375)	(71,782)	(69,729)
Property and equipment, net	108,170	107,710	108,867
Property under capital lease and financing obligations:			
Property under capital lease and financing obligations	12,581	11,637	11,544
Less accumulated amortization	(5,398)	(5,169)	(5,001)
Property under capital lease and financing obligations, net	7,183	6,468	6,543
Goodwill	18,037	17,037	16,339
Other assets and deferred charges	11,413	9,921	7,905
Total assets	\$201,566	\$198,825	\$197,886
LIABILITIES AND EQUITY			
Current liabilities:			
Short-term borrowings	\$3,262	\$1,099	\$1,932
Accounts payable	42,389	41,433	39,902
Dividends payable	3,057	—	3,101
Accrued liabilities	19,686	20,654	19,651
Accrued income taxes	505	921	720
Long-term debt due within one year	3,254	2,256	2,265
Capital lease and financing obligations due within one year	658	565	551
Total current liabilities	72,811	66,928	68,122
Long-term debt	33,706	36,015	36,673
Long-term capital lease and financing obligations	6,763	6,003	6,070
Deferred income taxes and other	9,240	9,344	