



## Walmart will accelerate investments in e-commerce and moderate global square footage growth

- Investments in e-commerce and digital initiatives are expected to range between \$1.2 and \$1.5 billion in fiscal year 2016, up from approximately \$1.0 billion, estimated for this year.
- The company will add between 26 and 30 million net retail square feet worldwide next year, a decrease from this year's anticipated 32 to 34 million square feet, due to a moderation of large format store growth and accelerated e-commerce investments.
- The company's updated guidance for capital expenditures in its current fiscal year of \$12.5 to \$13.0 billion compares to its forecast of \$12.4 to \$13.4 billion provided in February 2014.
- Capital investments will range between \$11.6 and \$12.9 billion for fiscal year 2016, including a stepped up commitment for e-commerce. This is below the updated range for fiscal year 2015 of \$12.5 to \$13.0 billion, due to the change in mix of spending toward more digital growth and a moderation of physical store growth.
- The company also expects fiscal year 2016 net sales growth to range between 2 and 4 percent, which translates into approximately \$10 to \$20 billion in net sales.

**BENTONVILLE, Ark., Oct. 15, 2014** -- Wal-Mart Stores, Inc. (NYSE: WMT) today presented its capital expenditure plans for the next fiscal year ending Jan. 31, 2016 at its 21<sup>st</sup> annual meeting for the investment community. Total capital spending for fiscal year 2016 is projected to range between \$11.6 and \$12.9 billion, including approximately \$1.2 to \$1.5 billion for e-commerce and digital initiatives.

"This is an exciting time for Walmart, as there are so many new ways to serve customers. Exceeding customer expectations has always been our goal, and we have short-and long-term opportunities to do that even better," said Wal-Mart Stores, Inc. President and CEO Doug McMillon. "We'll change the mix of our capital spend next year to provide greater access, while continuing to focus on price leadership, service, and a broad assortment. We'll give customers the choices they want and need in ways that only Walmart can."

The company also indicated that as a result of a tougher sales environment than it anticipated a year ago, it now expects to grow net sales for the current fiscal year between 2 and 3 percent on last year's \$473.1 billion. The company indicated in February that it expected net sales growth to be at the low end of its guidance provided last October of 3 to 5 percent.

Charles Holley, Walmart's executive vice president and chief financial officer, outlined the company's financial priorities for growth and detailed the investment and expansion plans for fiscal year 2016.

"Our business and customers continue to evolve and so will the way we deploy capital. We will invest more heavily in e-commerce initiatives, while temporarily moderating our global physical growth, particularly larger stores," Holley explained. "We are focused on creating an endless aisle and appealing to our customers' changing needs."

Holley also discussed the financial performance of the company's e-commerce business and provided more insight into certain financial metrics.

"Globally, we expect to finish this year with approximately \$12.5 billion in e-commerce sales," said Holley. "Looking forward we expect an increase in global e-commerce sales of around 25 percent in fiscal year 2016, and we anticipate growth over the three-year period from fiscal years 2016 through 2018 to average 30 to 40 percent."

"The greatest investment of capital and in operating loss for our e-commerce operations will come over the next 18 to 24 months, and then we would expect to see that investment start to moderate in fiscal 2018," Holley added.

The company expects net sales to increase by 2 to 4 percent next year.

"This translates into approximately \$10 to \$20 billion of net sales growth," Holley said. "Operating expenses will grow at a rate somewhat faster than sales growth and operating income will be flat to slightly down, given our investments in technology, e-commerce and digital."

### Capital expenditure details for fiscal year 2016

Projected capital expenditures are as follows and exclude the impact of future acquisitions, if any:

#### Capital Expenditure Detail

(US\$ billions)				
Segment	FY 14 Actual	FY 15 Guidance (Feb.)	FY 15 Guidance (Oct.)	FY 16 Projected
Walmart U.S.	\$6.4	\$6.4 – 6.9	\$6.6 – 6.8	\$6.1 – 6.6
Walmart International	\$4.4	\$4.0 – 4.5	\$3.8 – 4.1	\$3.7 – 4.2
Sam's Club	\$1.1	~\$1.0	~\$0.9	~\$0.8
<b>Total segments</b>	<b>\$11.9</b>	<b>~\$11.4 – 12.4</b>	<b>~\$11.3 – 11.8</b>	<b>~\$10.6 – 11.6</b>
Corporate & support	\$1.2	~\$1.0	~\$1.2	\$1.0 – \$1.3
<b>Total</b>	<b>\$13.1</b>	<b>~\$12.4 – 13.4</b>	<b>~\$12.5 – 13.0</b>	<b>~\$11.6 – 12.9</b>

The capital expenditures listed below provide the breakdown between the company's physical, e-commerce and digital initiatives provided above.

Capital Expenditure Detail (US\$ billions)				
	FY 14 Actual	FY 15 Guidance (Feb.)	FY 15 Guidance (Oct.)	FY 16 Projected
Physical	\$12.7	~\$11.6 – 12.6	\$11.5 – 12.0	~\$10.4 – \$11.4
E-commerce & digital	\$0.4	~\$0.8	~\$1.0	~\$1.2 – 1.5

Holley also discussed the importance of the increased investment in e-commerce.

"We expect capital investments in e-commerce worldwide to be between \$1.2 and \$1.5 billion next year," Holley explained, "and these investments will include technology, infrastructure and other areas to support e-commerce and digital initiatives to serve customers."

In fiscal year 2016, the company plans to add between 26 and 30 million net retail square feet, reflecting moderation of new store openings across its segments. Net retail square footage growth (excluding future acquisitions, if any) is projected as follows:

Net Retail Square Footage Growth (in millions)				
Segment	FY 14 Actual	FY 15 Guidance (Feb.)	FY 15 Guidance (Oct.)	FY 16 Projected
Walmart U.S.	18.4	~21 – 23	~21 – 22	~15 – 16
Walmart International	12.5	~12 – 14	~9 – 10	~10 – 13
Sam's Club	1.7	~2	~2	~1
<b>Total</b>	<b>32.6</b>	<b>~35 – 39</b>	<b>~32 – 34</b>	<b>~26 – 30</b>

Actual and projected Walmart U.S. units include new stores and conversions. Given the conversion of Walmart discount stores to supercenters, the total number of supercenter units will continue to increase, as the number of discount stores declines. Actual and projected Sam's Club units include new stores, expansions and relocations. Unit growth in the United States is projected as follows:

Total U.S. Unit Growth (Gross)				
Segment	FY 14 Actual	FY 15 Guidance (Feb.)	FY 15 Guidance (Oct.)	FY 16 Projected
Supercenters*	130	~115	~120	~60 – 70
Small format stores**	121	~270 – 300	~240	~200 – 220
<b>Total Walmart U.S.</b>	<b>251</b>	<b>~385 – 415</b>	<b>~360</b>	<b>~260 – 290</b>
Sam's Club	20	~17 – 22	~20	~9 – 12
<b>Total</b>	<b>271</b>	<b>~402 – 437</b>	<b>~380</b>	<b>~269 – 302</b>

\*Existing supercenters average approximately 179K square feet.

\*\* Existing Neighborhood Markets and rebranded Walmart Express stores range between 12K and 66K square feet.

#### Walmart U.S. details

In February 2014, Walmart U.S. increased its original fiscal 2015 projected capital investment by \$600 million to a range of \$6.4 to \$6.9 billion due to an acceleration of approximately 150 small format openings. However, as a result of the timing of certain planned small format openings, Walmart U.S. now expects to open approximately 240 small format units in fiscal 2015, and carry over approximately 20 units into fiscal 2016.

The company also indicated that during the testing of its Walmart Express format, the analysis showed customers rely on these stores for a variety of reasons, including grocery fill-in trips, last-

minute dinner plans and picking up prescriptions. These patterns closely align with how customers also shop the Neighborhood Market format, which has become a recognizable brand that customers identify as a high quality, local grocery store. Therefore, the company will rebrand Walmart Express as Neighborhood Market and will utilize this brand for all small format stores, regardless of square footage.

"We know that our supercenters are an important format for the stock-up trip, but we want to be thoughtful about our investment, ensuring that we align the space to evolving customer needs," said Walmart U.S. President and CEO Greg Foran. "To do this, we will moderate supercenter growth in fiscal 2016. Our investment in Neighborhood Markets will go forward because they continue to show strong results across the box and they provide our customers with convenient access to grocery, pharmacy services, and other quick-trip needs."

Fiscal year 2016 capital investments are projected to range between \$6.1 and \$6.6 billion. The forecast includes new stores, remodels, conversions, relocations, logistics, e-commerce and technology infrastructure, and reflects the additions of new units that will expand Walmart U.S.'s retail space by approximately 15 to 16 million net retail square feet. The company expects to open between 60 and 70 supercenters and 200 to 220 Neighborhood Markets.

#### Sam's Club details

Sam's Club will spend approximately \$0.9 billion to open about 20 clubs this year, including relocations and expansions. Sam's Club is also remodeling approximately 55-60 clubs this year.

"Our new clubs continue to perform well. Starting in the third quarter of this year, our new clubs incorporate several layout improvements, including an expanded fresh area and a combined health and wellness solutions center. These updates enhance the member shopping experience, and drive stronger sales and leverage labor efficiencies," said Sam's Club President and CEO Rosalind Brewer.

During fiscal year 2016, Sam's Club will open approximately 9 to 12 clubs, including relocations and expansions. Remodeling is slated for between 60 and 65 clubs. Sam's Club is projecting a reduction in capital expenditures to approximately \$0.8 billion from its revised fiscal 2015 estimate of \$0.9 billion. Sam's Club will continue to invest in membership and merchandise capabilities.

"We are reducing the number of new club openings for next year and accelerating technology initiatives that integrate our physical locations with our digital capabilities," Brewer explained.

#### Walmart International details

In February 2014, Walmart International indicated that it expected capital expenditures to range between \$4.0 and \$4.5 billion and for net square footage to range between 12 and 14 million square feet for fiscal year 2015. As a result of fewer new store openings in several key markets around the world, it now expects fiscal 2015 capital expenditures and net square footage additions to range between \$3.8 and \$4.1 billion and 9 to 10 million square feet, respectively.

Walmart International will continue to invest in organic growth across its markets next year. Capital expenditures are expected to range between \$3.7 and \$4.2 billion. New store openings in fiscal 2016 are expected to add between 10 and 13 million square feet.

"Our capital guidance for fiscal year 2016 reflects the actions we are taking to build a platform for sustainable growth in our five largest markets around the world," said Walmart International President and CEO David Cheesewright. "We are managing our portfolio to be a best-in-class operator through innovation, making compliance a competitive advantage and winning with an e-commerce strategy that offers a unique shopping experience for our customers across all channels."

#### Global eCommerce details

Walmart Global eCommerce President and CEO Neil Ashe outlined the progress made during the past year on the company's e-commerce strategy.

"We are delivering best in class e-commerce capabilities that we are combining with the assets of the world's largest retailer to engage with customers in new ways. We have delivered the core components of our new global technology platform. We are expanding our next generation fulfillment network to reach our customers fast and efficiently, and we're building new data capabilities to enhance our customer experience" said Ashe.

Ashe announced that next year Walmart will build new online fulfillment centers in Georgia and Pennsylvania, each over 1 million square feet. These centers will be part of its next generation fulfillment network that includes dedicated online fulfillment centers, shared distribution centers, and ship-from-store locations that are all tied together by one of the biggest and most efficient transportation networks in the country. Walmart will also add new fulfillment centers in Brazil and

China.

The company plans to spend capital of approximately \$1.0 billion for e-commerce and digital initiatives this fiscal year and between \$1.2 and \$1.5 billion next year.

#### About Walmart

Wal-Mart Stores, 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, more than 250 million customers and members visit our 11,100 stores under 71 banners in 27 countries and e-commerce websites in 11 countries. With fiscal year 2014 sales of over \$473 billion, Walmart employs approximately 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>.

#### Cautionary statement regarding forward-looking statements

This release contains certain forward-looking statements that are intended to enjoy the safe harbor protections of the Private Securities Litigation Reform Act of 1995, as amended. These forward-looking statements include statements regarding the forecasts of Walmart's management of:

- the capital expenditures to be made in fiscal year 2015 and fiscal year 2016 by Walmart in total, by each of its operating segments, by its operating segments in total, for global physical growth, for e-commerce and digital initiatives and for corporate and support;
- the net retail square footage growth of Walmart for fiscal year 2015 and fiscal year 2016 in total and of each of its operating segments;
- the total U.S. unit growth, the total unit growth of Walmart's Walmart U.S. operating segment, the growth in supercenters and Neighborhood Market units within the Walmart U.S. operating segment and the total growth in units within Walmart's Sam's Club operating segment in fiscal year 2015 and fiscal year 2016; and
- the percentage increase in Walmart's total net sales in fiscal year 2015 and fiscal year 2016 and the dollar amount of net sales growth in fiscal year 2016.

These forward-looking statements also include statements regarding management's expectations, estimates and projections relating to:

- Walmart accelerating its investment in e-commerce while moderating growth in large format stores;
- changing the mix of capital expenditures made by Walmart in the future from the mix of capital expenditures in the past;
- the way Walmart deploys capital continuing to evolve;
- Walmart investing more heavily in e-commerce initiatives in the future while temporarily moderating global physical growth, particularly larger stores;
- the growth of Walmart's e-commerce sales in fiscal year 2016 and for the three-year period of fiscal years 2016 through 2018;
- the amount of Walmart's e-commerce sales in fiscal year 2015;
- the company's greatest investment of capital and in operating loss for the company's e-commerce operations coming over the next 18 to 24 months and that investment starting to moderate in fiscal year 2018;
- the company's operating expenses growing at a rate somewhat faster than sales growth in fiscal year 2016;
- the company's operating income being flat to slightly down in fiscal year 2016;
- the number of supercenters of the Walmart U.S. operating segment continuing to increase while the number of discount stores will continue to decrease as a result of conversions of discount stores into supercenters;
- the number of new small format stores to be opened by the Walmart U.S. operating segment in fiscal year 2015;
- the moderation of growth of the number of supercenters in the Walmart U.S. operating segment in fiscal year 2016;
- the Walmart U.S. operating segment's investment in Neighborhood Market units continuing to go forward;
- the number of Sam's Club units to be remodeled by the Sam's Club operating segment in fiscal year 2015 and fiscal year 2016;
- the Sam's Club operating segment continuing to invest in membership and merchandise capabilities;
- the Walmart International operating segment continuing to invest in organic growth in fiscal year 2016;
- Walmart building and adding new e-commerce fulfillment centers; and

- certain assumptions on which certain of such forward-looking statements are based.

Such forward-looking statements are not guarantees of future results and subject to risks, uncertainties and other factors, domestically and internationally, including:

- general economic conditions, including the overall sales environment in, economic conditions affecting, and business trends in, the specific markets in which the company operates;
- competitive initiatives of other retailers and other competitive pressures;
- the amount of inflation or deflation that occurs, both generally and in certain product categories;
- consumer confidence, disposable income, needs, credit availability, spending levels, spending patterns and debt levels;
- alignment of Walmart's stores with customer needs;
- changes in the level of public assistance payments;
- customer acceptance of new initiatives and programs of the company and its operating segments;
- consumer acceptance and use of Walmart's various e-commerce websites;
- customer traffic in Walmart's stores and clubs and on Walmart's e-commerce websites and average ticket size;
- consumer acceptance of Walmart's product offerings;
- consumer acceptance of the company's stores and merchandise in the markets in which new units are opened;
- consumer shopping patterns in the markets in which the small store expansion of the Walmart U.S. operating segment occurs;
- disruption in the seasonal buying patterns in one or more of the markets in which Walmart operates;
- consumer demand for certain merchandise;
- geo-political conditions and events;
- weather conditions and events and their effects;
- catastrophic events and natural disasters and their effects;
- public health emergencies, civil unrest and disturbances and terrorist attacks and their effects;
- the retail selling prices of gasoline and diesel fuel;
- disruption of Walmart's supply chain, including transport of goods from foreign suppliers;
- trade restrictions;
- the availability and cost of appropriate locations for new and relocated stores, clubs and other facilities;
- local real estate, zoning, land use and other laws, ordinances, legal restrictions and initiatives that impose limitations on the company's ability to build, relocate or expand stores in certain locations;
- delays in the construction or opening of new, expanded or relocated units planned to be opened by certain dates;
- availability of persons with the necessary skills and abilities necessary to meet Walmart's needs for managing and staffing new units and conducting their operations;
- availability of necessary utilities for new units;
- availability of skilled construction labor in areas in which new units are proposed to be constructed or in which existing units are to be relocated, expanded or remodeled;
- conditions and events affecting domestic and global financial and capital markets;
- the unanticipated need to change Walmart's objectives and plans; and
- other risks.

Walmart discusses certain of these matters more fully in its filings with the SEC, including its most recent Annual Report on Form 10-K (in which Walmart also discusses certain risk factors that may affect its operations and its results of operations), and the forward-looking statements in this release should be considered in conjunction with that Annual Report on Form 10-K, and together with all of Walmart's other filings made with the SEC through the date of this release, including its Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. We urge you to consider all of these risks, uncertainties and other factors carefully in evaluating the forward-looking statements appearing in this release. Because of these risks, uncertainties, factors, changes in facts, assumptions not being realized or other circumstances, Walmart's actual results may differ materially from anticipated results expressed or implied in these forward-looking statements. The forward-looking statements appearing in this release are made on and as of the date of this release, and Walmart undertakes no obligation to update these forward-looking statements to reflect subsequent events or circumstances.