

Financial Analysis: Walmart Inc.

Presented to
Professor Guillermo Torres

Cost & Managerial Analysis
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By
Julián Casas, Alexandre Ly, Vinicius Muniz, Kumba Nyangba, Ivan Pava, and Aakanksha Sen

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1. Introduction

This report provides a comprehensive financial analysis of Walmart Inc. over the fiscal years 2023 through 2025. It draws on publicly available data from audited 10-K filings and industry forecasts to evaluate Walmart's operational efficiency, financial health, and budgeting strategies. The objective is to assess how Walmart has navigated macroeconomic challenges, shifting consumer trends, and competitive pressures through robust revenue growth, improved margins, disciplined capital allocation, and strategic forecasting. This analysis also includes a variance comparison between management guidance, analyst expectations, and actual financial outcomes, as well as a critical evaluation of Walmart's budgeting and forecasting framework. The aim is to identify strengths, potential risks, and opportunities for enhancement in Walmart's financial planning processes.

2. Financial Analysis

Financial Statement Analysis

Walmart's financial results from 2023 to 2025 reflect steady revenue growth, strong cash flow, and disciplined balance-sheet management, despite ongoing retail challenges. While performance has improved, risks remain due to shifting consumer behavior and economic uncertainty.

This analysis is based on Walmart's audited 10-K filings (2023–2025). According to that, in February 2024, the company completed a 3-for-1 stock split. All per-share figures are split-adjusted as reported.

Three-Year Financial Overview

Year	2025	2024	2023
Revenue	680,985	648,125	611,289
Operating Income	29,384	27,012	20,428
Net Income	19,436	15,511	11,680
Total Assets	260,323	252,399	243,197
Shareholders' Equity	97,421	90,348	83,757
Operating Cash Flow	36,443	35,726	28,811

YoY Revenue Growth
- 2023–2024: +6.0%
- 2024–2025: +5.1%

Net Income Growth
2023–2024: +32.8%
2024–2025: +25.3%

From a financial analysis perspective, these trends point to sustained and broad-based improvement in Walmart's operating performance. The significant increase in net income translates into higher earnings per share (EPS), which strengthens dividend capacity and supports long-term firm value (Walmart Inc., 2025).

Income Statement Analysis

Walmart's revenue rose 11.4%, from $611.3B in 2023 to $681.0B in 2025, driven by strong grocery sales, inflation-adjusted pricing, and growth in omnichannel services like curbside pickup and same-day delivery.

On the other hand, operating income increased from $20.4 billion in 2023 to $29.4 billion in 2025. In reviewing Walmart's filings, it becomes clear that this improvement reflects operating leverage, as operating costs grew more slowly than revenue. Automation in distribution centers, technology-enabled labor

efficiencies, and better inventory controls helped limit growth in Selling, General, and Administrative (SG&A) expenses (Walmart Inc., 2025).

Relative to peers, Walmart maintained a stronger operating margin over the same period. In 2025, Walmart's operating margin was approximately 4.3%, compared to roughly 3.5% for Costco and 3.0% for Target, indicating more effective cost management and higher profit retention per dollar of revenue (Macrotrends LLC, 2025).

Net income rose by 66% over the three-year period, increasing from $11.7 billion in 2023 to $19.4 billion in 2025. This improvement was driven in part by faster growth in higher-margin revenue streams (Walmart Inc., 2025).

Profitability Ratios

Operating Margin (2025)	**Net Margin (2025)**
29,384 ÷ 680,985 = **4.3%**	19,436 ÷ 680,985 = **2.9%**

Both profitability ratios improved year over year, suggesting a healthier and more efficient profit structure. That said, sustaining these margins may become more challenging. Inflationary pressures, rising labor costs, and heightened price competition within the retail sector could place pressure on future performance.

Balance Sheet Analysis

Total assets rose from **$243.2 billion in 2023 to $260.3 billion in 2025**, driven by continued investment in inventory, supply-chain automation, store remodels, and digital infrastructure. Inventory levels also stabilized after pandemic disruptions, indicating better demand forecasting and supply-chain execution.

Shareholders' equity increased from **$83.8 billion to $97.4 billion**, mainly due to retained earnings, partially offset by dividends and share buybacks. This growth reflects Walmart's ability to generate steady profits while still returning capital to shareholders.

Total liabilities rose moderately as Walmart used debt to fund modernization efforts. Even with higher obligations, the company preserves a strong credit profile supported by predictable revenue, diversified operations, and stable cash flows.

Cash Flow Statement Analysis

Walmart's cash generated from core operations rose from **$28.8 billion in 2023 to $36.4 billion in 2025**, growing faster than net income and signaling strong cash conversion. Improved working capital management, especially better inventory turnover, played a central role.

Reduced inventory days released cash previously tied up in stock, while extended payables terms helped Walmart maintain liquidity for operations and strategic investments. Overall, this optimized cash conversion cycle reflects best practices for large retailers operating with thin margins.

Investing cash flows remained consistently negative, approximately −$21 billion annually, reflecting ongoing reinvestment in automation, data centers, fulfillment capacity, and digital transformation initiatives. These expenditures are intended to support long-term margin expansion and competitive differentiation (Walmart Inc., 2025).

Financing cash flows were also negative due to dividend payments, share repurchases, and scheduled debt repayments, patterns typical of a mature retail company. Cash at year-end remained stable at approximately $9.9 billion, indicating disciplined liquidity management and financial flexibility.

Key Insights and Interpretation

Overall, Walmart's financial statements indicate a resilient, scalable business model capable of managing inflation, supply-chain challenges, and the shift to digital commerce. Revenue and net income growth highlight the success of omnichannel expansion and higher-margin segments, while rising assets and equity strengthen the company's financial position. Strong operating cash flows further support reinvestment and shareholder returns.

A limitation of this analysis is its reliance on publicly reported data, which may not fully reflect internal decisions or short-term tactics. Although future performance may still be affected by market volatility, competitive pressures, or broader economic shifts. The next section examines Walmart's liquidity, leverage, profitability, and efficiency ratios to further evaluate its financial health and operational effectiveness.

Ratio Analysis & Financial Health Assessment

Ratios are hard to compare in a vacuum, and, for that reason, this assignment focused on reviewing a four (4) years horizon for each metric. The table with all the ratios calculated can be found below, with the main ones highlighted in green. From our point of view, this is the best combination to present a comprehensive picture of Walmart's financial performance.

According to that, we broke down the ratios in four main categories: Liquidity, Leverage, Profitability and Efficiency ratios. Walmart has been consistently improving most of these numbers over the last few years.

		Liquidity Ratios			
Formula	**Ratio**	**2025**	**2024**	**2023**	**2022**
Current Assets/Current Liabilities	Current Ratio	0.8227	0.8319	0.8206	0.9278
(Cash + Receivables)/Current Liabilities	Quick Ratio	0.197	0.202	0.180	0.264
Cash/Current Liabilities	Cash Ratio	0.0936	0.1068	0.0935	0.1689

		Leverage Ratios			
Formula	**Ratio**	**2025**	**2024**	**2023**	**2022**
Total Debt/Total Equity	Debt to Equity Ratio	0.4010	0.4478	0.4682	0.4144
Total Liabilities/Total Assets	Debt Ratio	0.6019	0.6163	0.6266	0.5894
Total Assets/Total Equity	Equity Multiplier	2.6773	2.7936	2.9037	2.6647
Operating Income/Interest Expense	Interest Coverage	13.0726	12.6401	10.9007	-

		Profitability Ratios			
Formula	**Ratio**	**2025**	**2024**	**2023**	**2022**
Gross Profit/Total Revenue	Gross Margin	0.249	0.244	0.241	-
Operating Income/Total Revenue	Operating Margin	0.0431	0.0417	0.0334	-
Net Income/Total Revenue	Net Margin	0.0285	0.0239	0.0191	-
Net Income/Total Assets	Return on Assets (ROA)	0.0757	0.0626	0.0479	-
Net Income/Total Equity	Return on Equity (ROE)	0.2223	0.1932	0.1460	-

		Efficiency Ratios			
Formula	**Ratio**	**2025**	**2024**	**2023**	**2022**
COGS/Inventory	Inventory Turnover	9.1937	8.7943	8.2011	-
Total Revenue/Receivables	Receivables Turnover	72.5571	77.4852	75.4073	-
Total Revenue/Total Assets	Asset Turnover	2.6538	2.6155	2.5050	-

Liquidity Ratios

		Liquidity Ratios			
Formula	Ratio	2025	2024	2023	2022
Current Assets/Current Liabilities	Current Ratio	0.8227	0.8319	0.8206	0.9278

Current Ratio:

Over the last four years, Walmart has decreased its Liquidity Ratio from 0.927 in 2022 to 0.8227 in 2025. As a retailer, a big part of Walmart`s current assets are composed by its Inventories. A reduction in the Current Ratio, means they have Less Current Assets for each dollar of Current Liability. This is a good thing because it means the company is selling faster and/or paying suppliers later. This combination ensure Walmart still has the liability (they still need to pay the suppliers) despite no longer having the assets (they have already sold the inventory). This evolution improves the company Working Capital.

Leverage Ratios

		Leverage Ratios			
Formula	Ratio	2025	2024	2023	2022
Total Debt/Total Equity	Debt to Equity Ratio	0.4010	0.4478	0.4682	0.4144
Operating Income/Interest Expense	Interest Coverage	13.0726	12.6401	10.9007	-

Debt to Equity Ratio

We can see the improvement on Walmart's numbers over the years, going from 0.4144 to 0.4010. The change is not massive, but the number is consistently below 0.5 which indicates a conservative approach towards debt and low financial risk.

Interest Coverage

In line with the conservative approach, Walmart has improved its interest coverage ratio. In 2025 the company generated enough operating income to pay its annual interest expense 13 times.

Profitability Ratios

		Profitability Ratios			
Formula	Ratio	2025	2024	2023	2022
Gross Profit/Total Revenue	Gross Margin	0.249	0.244	0.241	-
Net Income/Total Revenue	Net Margin	0.0285	0.0239	0.0191	-
Net Income/Total Assets	Return on Assets (ROA)	0.0757	0.0626	0.0479	-
Net Income/Total Equity	Return on Equity (ROE)	0.2223	0.1932	0.1460	-

Gross Margin & Net Margin

Big retailers are known for operating with low profit margins and Walmart is a good example, with Net Margin below 3%. However, there is an impressive improvement between 2023 and 2025 going from 1.91% to 2.85%. Gross Margin increase is more modest, which shows that Net Margin improvement came from factors below the Gross Profit line, such as reduced interest expense and improved cost control, meaning the evolution comes from financial discipline rather than pricing power.

Return on Assets & Return on Equity

ROA improvement from 4.79% to 7.57% shows the company's ability to generate income from its assets. This is particularly meaningful for a company such as Walmart given it is an asset heavy company,

with physical stores, distribution centers, logistics, etc. As for ROE, the improvement from 14.6% to 22.2% shows how management has been able to improve returns for equity holders. When you combine this with their conservative debt approach (low Debt to Equity Ratio and comfortable Interest Coverage), it shows ROE is improving based on operational efficiency rather than financial leverage.

Efficiency Ratios

		Efficiency Ratios			
Formula	Ratio	2025	2024	2023	2022
COGS/Inventory	Inventory Turnover	9.1937	8.7943	8.2011	-
Total Revenue/Total Assets	Asset Turnover	2.6538	2.6155	2.5050	-

Inventory Turnover

Inventory turnover went from 8.2011 to 9.1937, which means that Walmart was able to sell inventory faster in 2025 vs 2023. This number combined with the Current Ratio and helps understand the company's full financial picture showing the better liquidity ratio does not come from excess inventory, which would raise concerns.

Asset Turnover

The increase from 2.5050 to 2.6538 shows Walmart is being able to generate more Revenue for each dollar of asset. Having said that, it is important to proceed with the variance analysis of the company.

Variance Analysis

In this part we would evaluate Walmart performance, by comparing the guidance given by management in their Q4 earnings calls, Morning star analyst forecast for the business and the actual results reported in Walmart's Form 10-K filings. Therefore, Morningstar reports provide specific market-based expectations focusing on revenue, operating income, net income, and EPS. Additionally, the 10K-s provided audited results, and the earnings calls provide management guidance "budget-like" view for the upcoming fiscal year. As well, for the calculations we took into consideration Walmart's 3-for-1 stock split in February 2024, so all pre- split EPS calculation were divided by three to align all segments, and provide an equal comparison of internal expectations, external forecasts, and actual performance.

For the year 2023, management was very cautious in their guidance highlighting possible inflationary pressure and a weaker discretionary demand. For that reason, analyst predicted conservatory projections for the company, nevertheless Walmart was able to exceed by the end of the year both analyst and management expectations. The company reported revenue of $611.3 billion surpassed analyst expectations by 0.70%, while operating income of $24.6 billion surpassed forecasts by 1.08%. Moreover, they reported a strong net income and EPS, outperforming expectations by almost 17% with EPS of 1.42 compared to analyst expectations of 1.22. These results highlight how the message given by management lead to analyst to underestimate the company performance for that year and how Walmart strengthening grocery leadership, inventory normalization, and early adaptation in digital channels exceeded expectations.

The following year, management was very detailed on their EPS guidance for the year 2024. Therefore, during the Q4 earnings call of 2023, they mentioned below-the-line headwinds described by the management amounted to about 0.42 EPS pressure. These featured a higher interest expense of 750 million, a normalized tax rate of 25.5 -26.5%, and the combination of these effects through Massmart and Alert Innovation consolidation and the increased minority interest contributions by Walmex. So, management predicted a full-year FY2024 EPS of $5.90-6.05 EPS before split-off, and equivalent to $1.97-2.02 EPS after split, and stated that EPS will be slightly down this year regardless of structural improvement of its core business, consequently Morningstar adjusted FY2024 EPS forecast to 1.79.

However, despite the negative outlook Walmart was able to exceed its results for the year, surpassing analyst forecast by 0.74%, reaching a total revenue of $648.1 billion. Also, their operating income totaled $27.0 billion and the net income a $15.5 billion, completely outperforming analyst estimates by 1% and 7%, respectively. Also, they reported a total of 1.91 EPS, a margin increase of 6.51% of what Morning Star reported, highlighting how analysts again slightly underestimated Walmart's improving margin trajectory. Even though management's guidance did state a higher EPS growth, they had correctly substantial downward pressure, and the realized decline was much less severe. Which reflects the accelerating contributions from Walmart Connect, marketplace scale, and ongoing supply chain automation.

The year 2025 had the closest alignment between results and what analysts and management expected for the year. During the Q4 earnings call of 2024 the company stated that for the fallowing year they were expecting a low single-digit revenue growth, operating income growth modestly above sales, and EPS growth supported by scaling automation and marketplace expansion. Therefore, Morning Star analysts incorporated these signals into their forecasted expectations, which perfectly align with the results reported the following year. Nevertheless, Walmart was short in every single metric with revenue reported of $681.0 billion being identical to the forecast, with a deviation of only −0.25%. Also, their operating income missed by 1.87% with $29.3 billion reported, and their EPS fell just below analyst expectation with 2.41 while they expected 2.43. This shrinking in the variance reflects improved transparency in management communication and increasing predictability of Walmart's evolving business model.

Lastly, the outlook for the year 2026 was detailed by management on their earnings call. They stated that this year they would have net sales growth between 3%-4%, their operating income expected of 3.5%–5.5%, and Adjusted EPS of $2.50–$2.60. As well, management mentions that the acquisition of Vizio, the TV manufacturer, would generate a headwind of almost 150-basis points due to the integration of investments and transaction costs. Additionally, they also stated an expected $0.05 currency headwind per share and a higher effective tax rate relative to the previous. Consequently, analyst predicted an EPS 2.72 which it exceeds management expectation for the year, this narrow spread between Morning Star and Walmart itself reflect the confidence in the business margin expansion from marketplace growth, advertising scale, and automation leverage, but these results would be available on Thursday, February 19, 2026.

To sum up, the operating model of Walmart continued to improve on the past three years, meeting or surpassing the management guidance and analyst expectations between FY2023 and FY2025 with the variance of the forecasts narrowing annually as the company gained a more stable operating model and its ecosystem businesses became more mature. The direction of the management was conservative, and the accuracy of models was enhanced as Walmart exhibited more consistent marginal behavior as indicated by the analysts. The FY2026 guidance supports the vision of the sustainability and consistency of growth and development based on digital scale.

Budgeting and Forecasting

Evaluation of the Company's Budgeting & Forecasting Process

Walmart Inc. uses a hybrid approach on budgeting, utilizing a top-down method in terms of strategy, but a bottom-up method operationally. Indeed, executives work intimately with the finance team to set out financial goals for each division to be respected. Their process starts with a sandbox phase where multiple scenarios are tried and analyzed through macroeconomic lens and parameters to contend against competitors using a concept called Digital Twin that oversees the cost of their supplier before they even give a price to Walmart. (Walmart Inc.). The Digital Twin runs a predictive costing of the raw materials through commodity indexing that suppliers will have to incur to make the supply itself and spit out a value of how much the product should cost, giving them a budget negotiating advantage.

Once the goals are set and the decision are made, a cascading effect drools down to the different departments and divisions for their own contribution margin target called "North Star", allowing the top-down strategy to take effect and spearhead the budget set out for the year (Walmart Inc.). Then comes the operations department orchestrating the whole planning, who have their perspective and practical

knowledge on the viability of these goals and how to achieve them. This department foresees the real difficulties and challenges of the achievement of these goals, and this may cause them to renegotiate the budget due to unforeseen hardships. For instance, the C-Suite executives set out a ROIC of 15% and the margins needed from the respective departments to be achieved. Major unpredictable economical events may arise and make some of these margins impossible to attain, which will prompt resistance from the Operations Team for the executives to realign the targets into more realistic budgets and plans, hence the bottom-up strategy, to then reach a mutual compromise in the middle.

Following the targets marked, Walmart proceeds to capitalize on a 4-5-4 Calendar to ensure a like-for-like sales comparability between years by aligning holidays and weekends (National Retail Federation). This timeline captures the accuracy and representation of yearly performance in the retail industry, by ending their year during the busiest season of the year for the holidays on the 31st of January. It avoids misrepresenting the busy weekend sale by giving them a standard base of comparison from the first 4 weeks followed by 5 weeks and another 4 weeks, because some months of the calendar do not always end up with 30 days in the month. This time map is combined "Open-to-Buy" Seasonal merchandise plan to determine how much inventory buyers can purchase for the upcoming season. If there is a slowdown in the first month, they automatically adapt their OTB to avoid overstocking in the month 3 for example.

Efficient prediction models like the Digital Twin at Walmart are also employed in the making of financial forecasts in upstream very closely with their partnered suppliers through Joint Business Planning or JBP. Walmart co-creates sales forecasts with top suppliers (like Unilever or Johnson & Johnson) using Retail Link (Laudon and Laudon), where if Unilever forecasts selling 1M units of Iced Tea, the number feeds directly into Walmart's revenue forecasts. With a system so agile, Walmart updates its forecast monthly which extends beyond a year.

Challenges or opportunities in the budgeting process and proposed improvements.

Challenges

1. Economic & Input Cost Volatility

Walmart's budgeting accuracy is heavily affected by inflation, sourcing cost movements, commodity swings, and transportation expenses. Over the last three fiscal years, Cost of Goods Sold (COGS) increased from approximately US$463.7 billion in 2023 to US$511.8 billion in 2025, reflecting continuous input-price escalation. As a result, forecasting merchandise margins and working-capital needs becomes increasingly unpredictable. This cost inflation also elevates the risk of merchandise imbalances.

2. Supply Chain & External Disruption Risk

Walmart's global footprint exposes shipping delays, port congestion, geopolitical trade barriers, and fuel cost shocks. These external disruptions directly influence replenishment of timing and expense predictability. Short-term filings in 2025 show increases in transportation and logistics expenses as a percentage of net sales, reinforcing the extent of volatility. For an omni-channel retailer fulfilling both in-store and last-mile E-Commerce volume, every delay in inbound or outbound logistics reverberates through cost budgets, causing mid-cycle expense variance that annual forecasting methods cannot fully anticipate.

3. Labor & Compensation Variability

The 2025 disclosures indicate operating expense growth partly attributed to higher variable pay resulting from stronger-than-planned performance. This means incentive-based compensation, which is tied to operational results, exceeded initial forecast assumptions. While performance outperformance is strategically beneficial, missed estimates on labor expenses signal that wage models in the budget did not fully account for upside scenarios.

4. Complexity, Scale & Data Fragmentation

With over 10,700 global retail locations and more than 2 million employees, Walmart's scale introduces complexity that inherently challenges forecasting precision. Multiple verticals (U.S. retail, International, Sam's Club, eCommerce, health services, advertising) operate on different demand rhythms and cost profiles. Without fully harmonized planning calendars and synchronized data systems, internal forecasting runs the risk of siloed assumptions and lagged updates creating consolidated variance at corporate forecast roll-up levels.

5. Shifting Consumer Behavior & Competitive Pricing Pressure

Walmart's budget modeling must account for accelerating shifts toward digital orders, same-day pickup, private-label growth, and membership-driven loyalty. The competitive environment with Amazon, Costco, and discount formats forces real-time pricing changes that annual forecast structures cannot anticipate accurately. If forecasts lean too heavily on historical patterns, inventory allocations and promotional budgets will misalign with actual purchasing behavior.

6. Capital Expenditure & Free Cash Flow Forecasting Risk

Walmart's increased investment cycles spanning automation, supply-chain robotics, and digital transformation enhance operational capability but complicate capital forecasting. FY2025 disclosures reflect higher annual capex that contributed to reduced free cash flow compared to 2024. Over-optimistic ROI assumptions or understated working-capital needs can reduce liquidity flexibility and constrain reinvestment optionality.

Opportunities

1. Leverage Technology & Data for Smarter Forecasting

Walmart's strategic push on technology, digital platforms, and omni-channel capabilities (stores + E-Commerce + membership services) gives it a rich trove of data. This can support advanced analytics, predictive modeling, and more granular forecasting moving beyond traditional historic-trend budgeting.

2. Scalable U.S. Segment as a Template for Global Forecasting

The consistent growth and margin stability in the U.S. business segment (core) can serve as a benchmark model for forecasting in international markets or newer business lines (e.g., memberships, eCommerce), enabling better-informed expansion budgeting.

3. Diversified Revenue Streams

Revenue from memberships, digital services, and other non-traditional retail offerings (e.g., eCommerce, fulfillment services) tends to be more stable or recurring, potentially simplifying cash-flow forecasting compared to commodity-based retail.

4. Capital Allocation Discipline & Cash Generation Strength

Despite increased investments, Walmart historically generates substantial operating cash flow. This provides flexibility and supports disciplined capital deployment, even under uncertainty a strength for budgeting capex, dividends, buybacks, and working capital.

5. Ability to Use Scenario Planning & Strategic Forecasting

Given its scale, data capabilities, and diversified operations, Walmart is well positioned to implement more advanced forecasting frameworks (scenario analysis, rolling forecasts, stress testing), which could substantially improve budget resilience.

Proposes Improvements to Walmart's Budgeting & Forecasting

1. Adopt Rolling Forecasting and Frequent Re-Forecast Cycles

Move from a static annual budget to a rolling forecast (e.g., quarterly or monthly), updated with real-time sales, cost, inventory, supply-chain, and macroeconomic data. This enables quicker responses to inflation, cost shocks, supply delays, demand shifts, reducing risk of misaligned inventory, over- or under-spending, or margin erosion.

2. Implement Hierarchical, Bottom-Up Forecasting & Budgeting by Store / Region / Channel / SKU

Use a bottom-up approach feeding into consolidated corporate forecasts: i.e., each business unit or store produces its own forecast (sales, inventory, labor, costs) based on local data. Consolidate upward for corporate planning, critical given the $500+ billion COGS base. This reduces data-fragmentation risk, ensures more granular visibility, and helps identify problem areas early like stores underperforming, inventory bottlenecks, and cost overruns.

3. Leverage Advanced Analytics, AI, and Predictive Modeling

Employ machine-learning or statistical forecasting models (e.g., multivariate demand forecasting, probabilistic forecasting) to predict demand, inventory needs, and sales particularly for eCommerce, memberships, and fast-turn categories.

4. Establish Integrated Cash-Flow and Capex Forecasting Framework

Build a consolidated cash-flow forecasting model that links working capital (inventory, payables, receivables), capex, debt servicing, and liquidity needs. This ensures sufficient funds for investments, dividends, and share repurchases, while preserving liquidity under adverse conditions.

5. Monitor Non-Financial Leading Indicators / Operational KPIs

Incorporate operational KPIs into the budgeting/forecasting process as leading signals: e.g., inventory turnover, same-store sales growth, E-Commerce penetration, membership renewals, fulfillment costs, supply-chain lead times. These KPIs can provide early warning signs of deviations before they show up in financial results, enabling more proactive management.

6. Align Cross-Segment Forecasting & Encourage Collaboration

Ensure all business units (U.S. retail, international, eCommerce, memberships, Sam's Club, etc.) use a standardized forecasting methodology common assumption (inflation, FX rates, cost baselines), shared data definitions, synchronized forecast cycles. Promote cross-functional collaboration among all the departments.

7. Leverage Diversified, Recurring-Revenue Streams for Stability

Forecast membership-based revenues, digital services, E-Commerce fulfillment services, and other recurring-income verticals separately from commodity retail this differentiation improves predictability and reduces reliance on volatile-margin merchandise sales.

After reviewing the most important financial aspects of this large retail company, we will proceed to draw conclusions from what has been discussed here.

Conclusion

Walmart's financial trajectory from 2023 to 2025 shows that the corporation has used operational discipline and strategic reinvestment to successfully handle supply chain challenges, inflationary pressures, and changing consumer dynamics. Walmart strengthened its balance sheet and increased its operational efficiency during this time, in addition to consistently increasing revenue and profitability. The company's durability and increasing predictability as a seasoned, data-driven retail behemoth are demonstrated by its ability to surpass both internal guidance and external analyst forecasts all while increasing shareholder returns.

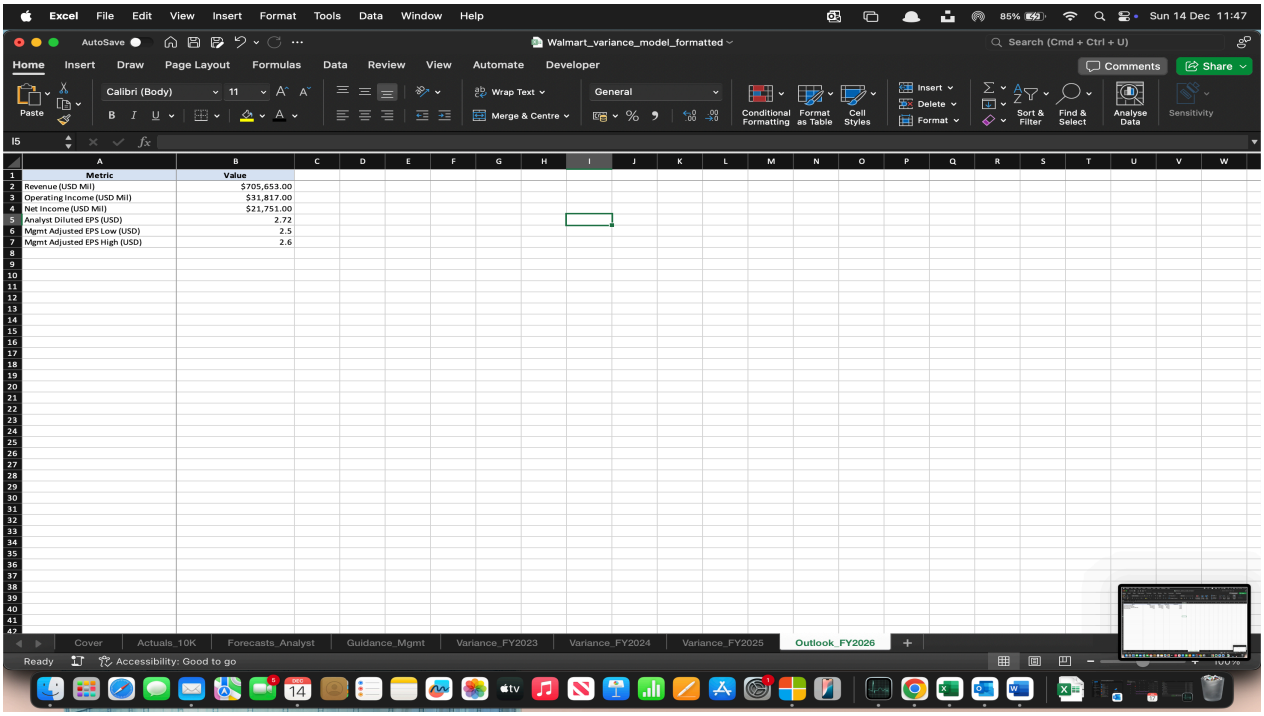
The company’s position as a scalable and financially stable leader in the retail sector is strengthened by significant performance gains in profitability, return metrics, and cash flow generation. The company is positioned for sustained margin improvement and long-term value generation thanks to its continuous investments in automation, digital transformation, and marketplace development.

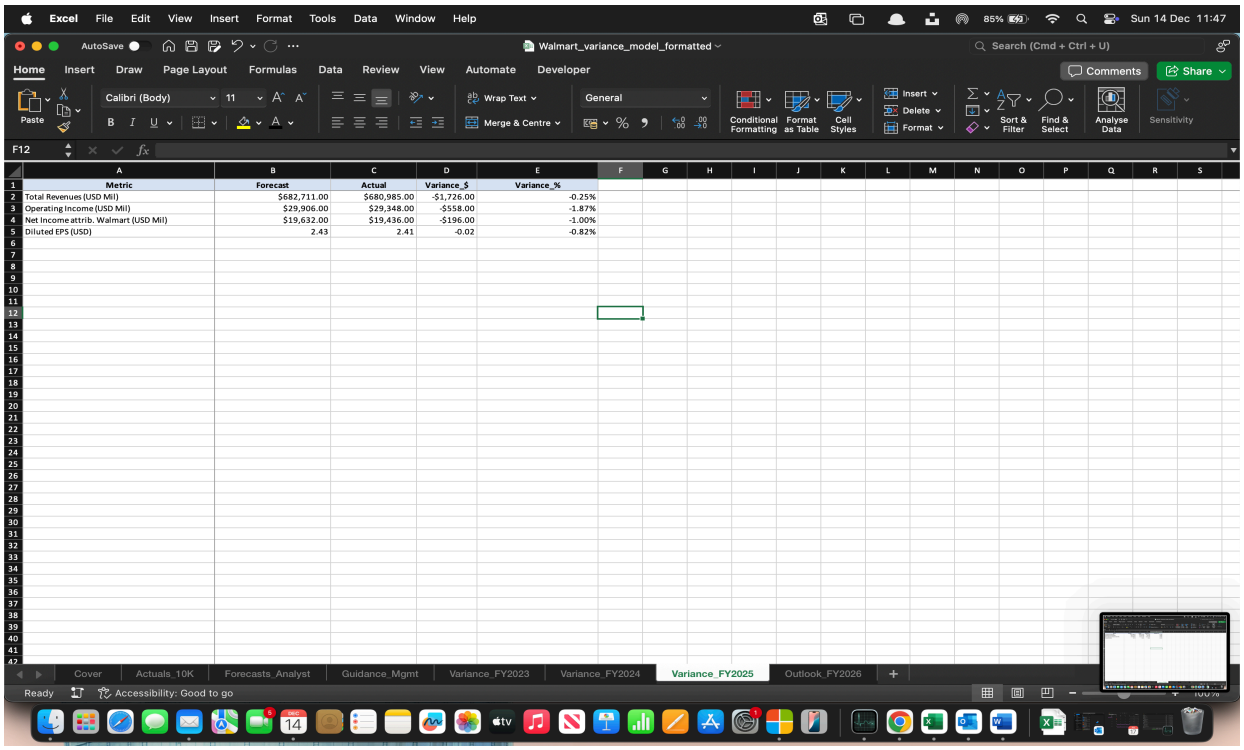
But the study also identifies areas that need improvement, especially in predicting and budgeting. The business works in a complicated, quickly changing environment where conventional annual budgeting techniques might not be sufficient. Walmart needs to keep incorporating scenario planning, predictive analytics, and real-time data into its financial planning frameworks in order to stay ahead. Macroeconomic uncertainty, cost volatility, and changing customer behavior would all be better captured by a more dynamic, rolling forecast system.

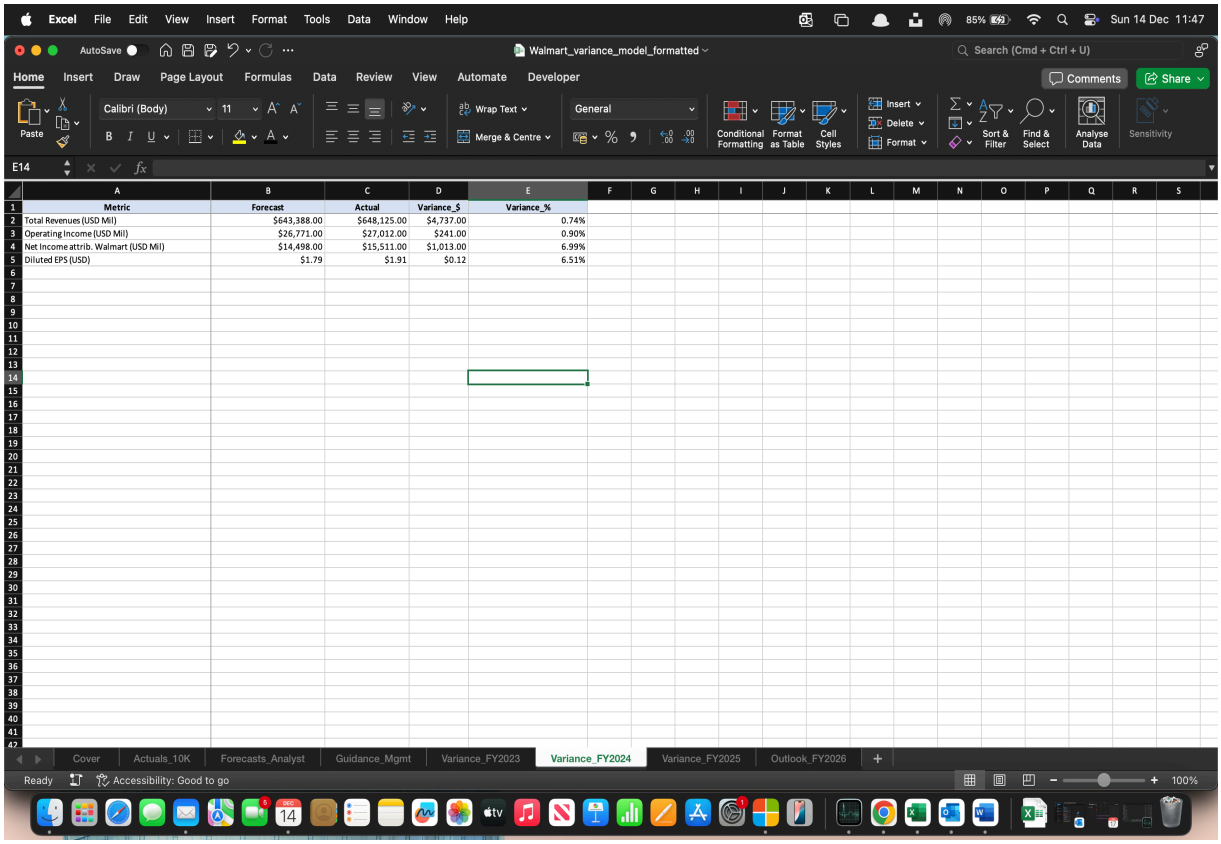
A favorable long-term picture is supported by Walmart's emphasis on digital capabilities, high-margin business lines, and operational innovation. Improvements to its forecasting infrastructure might further lower risk, increase decision-making flexibility, and generate even more profit for shareholders in the years to come if done well.

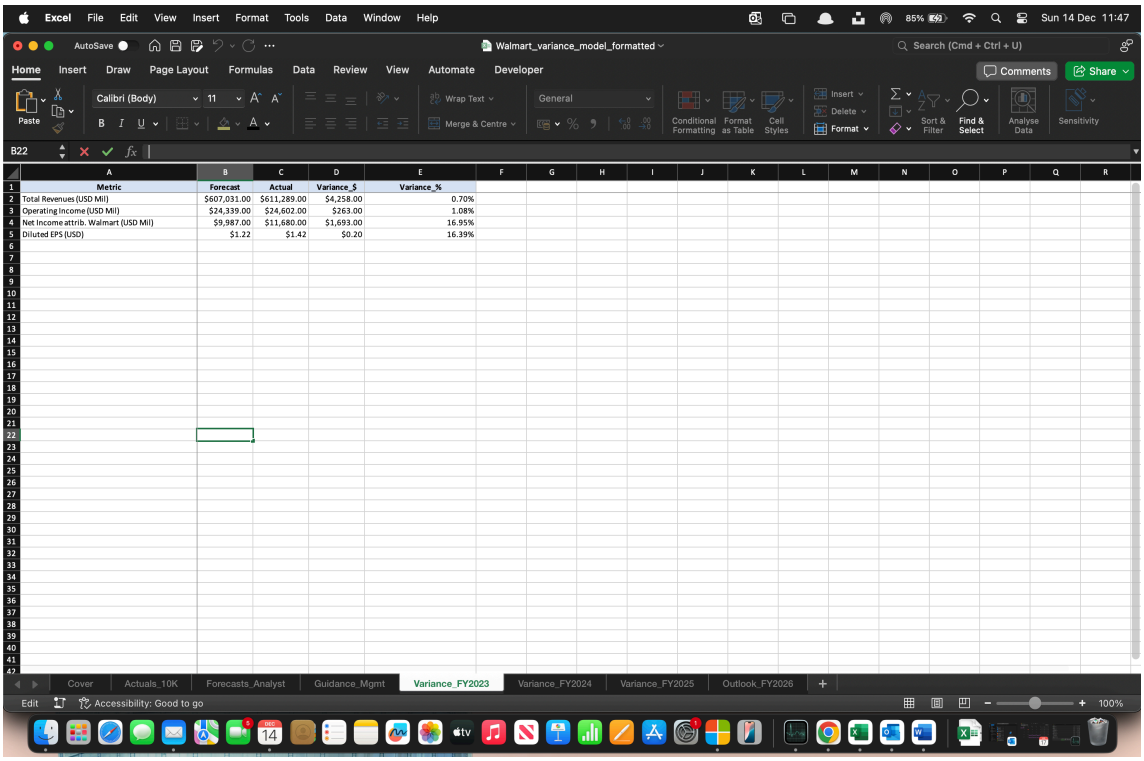
Appendix

Variance Model




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F12
Metric | Forecast | Actual | Variance_$ | Variance_%
Total Revenues (USD Mil) | $682,711.00 | $680,985.00 | -$1,726.00 | -0.25%
Operating Income (USD Mil) | $29,906.00 | $29,348.00 | -$558.00 | -1.87%
Net Income attrib. Walmart (USD Mil) | $19,632.00 | $19,436.00 | -$196.00 | -1.00%
Diluted EPS (USD) | 2.43 | 2.41 | -0.02 | -0.82%
Cover | Actuals_10K | Forecasts_Analyst | Guidance_Mgmt | Variance_FY2023 | Variance_FY2024 | Variance_FY2025 | Outlook_FY2026
Ready | Accessibility: Good to go


Walmart_variance_model_formatted
E14
Metric | Forecast | Actual | Variance_$ | Variance_%
Total Revenues (USD Mil) | $643,388.00 | $648,125.00 | $4,737.00 | 0.74%
Operating Income (USD Mil) | $26,771.00 | $27,012.00 | $241.00 | 0.90%
Net Income attrib. Walmart (USD Mil) | $14,498.00 | $15,511.00 | $1,013.00 | 6.99%
Diluted EPS (USD) | $1.79 | $1.91 | $0.12 | 6.51%
Cover | Actuals_10K | Forecasts_Analyst | Guidance_Mgmt | Variance_FY2023 | Variance_FY2024 | Variance_FY2025 | Outlook_FY2026
Ready | Accessibility: Good to go



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