

Walmart lifts profit outlook on strong third-quarter results

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In this Thursday, June 1, 2017, file photo, customers walk out of a Walmart store in Hialeah Gardens, Fla. Wal-Mart Stores Inc. reports earnings, Thursday, Nov. 16, 2017. (AP Photo/Alan Diaz, File)

Walmart raised its annual profit outlook Thursday after the world's largest retailer reported third-quarter results that topped Wall Street projections.

The report shows that Walmart's aggressive discounting and its moves to spiff up its stores and increase online services are working to attract shoppers. It also underscores the efforts the discounter is making to narrow the gap between itself and Amazon, but it still faces challenges this holiday shopping season. The online leader has been building its network of services on its own, using its \$99-a-year Prime membership with same-day and even one-hour shipping options to develop loyalty. And Amazon's purchase of Whole Foods Market this past summer has raised the competitive stakes in the food business.

But Walmart is on a campaign to innovate all aspects of its business.

"Curiosity, creativity, decisiveness and speed are priorities," said Doug McMillon, CEO of Wal-Mart Stores Inc. in a prerecorded statement.

Since buying Jet.com for more than \$3 billion last year, Walmart has been on an acquisition spree, has added new online services and expanded its online offerings. Walmart has bought such online retailers as Bonobos and ModCloth and is looking for other niche players. It has also more than tripled the number of online items to more than 70 million, from 20 million last year at this time.

The discount chain announced a web partnership Monday with Lord & Taylor. Walmart aims to build a premium fashion website, starting with the high-end department store chain. Lord & Taylor hopes it'll attract new customers already buying higher-end products on walmart.com.

Walmart posted revenue of \$123.18 billion in the third quarter, surpassing Wall Street forecasts. Eight analysts surveyed by Zacks expected \$121.05 billion.

Sales at stores opened at least a year rose 2.7 percent for the Walmart U.S. division, beating estimates of 1.8 percent. It's the 13th straight

quarter of increases in that metric.

And in food, critical to driving customer traffic to the stores, the business delivered the strongest quarterly performance in nearly six years, Walmart said.



This Wednesday, Feb. 8, 2017, file photo shows Walmart signage at one of the company's neighborhood markets in Hialeah, Fla. Wal-Mart Stores, Inc. reports earnings, Thursday, Nov. 16, 2017. (AP Photo/Alan Diaz, File)

E-commerce sales grew 50 percent.

"Walmart's online performance continues to validate its substantial investments in this critical channel, including its purchase of Jet.com," Moody's lead retail analyst Charlie O'Shea said in a note.

The company has been aggressively cutting prices and has overhauled its shipping strategy and is planning to double the number of [store-curb](#) pickup for groceries ordered online to 2,000 by next year. And it's

aligned with Google on voice shopping, as it tries to chip away the dominance of Amazon's Alexa-powered Echo devices.

The company is also deploying 16-foot tall digital kiosks called Pickup Towers at a hundred of its stores, which spit out products bought on Walmart.com. And robots are now roaming around in a cluster of stores, checking gaps in inventory.

For the critical holiday shopping season, Walmart needs to keep that momentum going. It started kicking off holiday parties in the stores. And it hopes to tempt shoppers with online deals before Black Friday. It started some online deals a week ago and plans to offer most of its Black Friday deals online starting at 12:01 a.m. EST on Thanksgiving. Stores will be open all day on Thanksgiving with the deals available there at 6 p.m. local time.

Walmart earned third-quarter net income of \$1.75 billion. On a per-share basis, the Bentonville, Arkansas-based company said it had net income of 58 cents. Earnings adjusted to extinguish debt and for non-recurring costs came to \$1 per share. The results exceeded Wall Street expectations. The average estimate of 15 analysts surveyed by Zacks Investment Research was for earnings of 97 cents per share.

The company now expects full-year earnings in the range of \$4.38 to \$4.46 per share. It originally expected earnings per share to be in the range of \$4.30 to \$4.40.

Wal-Mart Stores Inc. shares have climbed 30 percent since the beginning of the year, while the Standard & Poor's 500 index has risen 15 percent. Its shares rose more than 4 percent, or \$4.37, to \$94.20 in premarket trading Thursday.

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