

Walmart reckons profit will be pretty flat next year - but that's because it's investing in digital

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Emma Haslett – City AM

It's not only in the UK that supermarkets are struggling: Walmart, which owns [Asda](#), has released updated profit guidance suggesting profits will be largely flat next year.

Ahead of an investor day today the supermarket, the world's third-largest employer, said it expects earnings per share to lie between \$4.29 and \$4.49 in 2017 - then remain flat next year.

But it added it is planning on spending \$11bn in 2018 as it seeks to get ahead in e-commerce. [In August it signalled its intention by buying Amazon rival Jet.com for \\$3.3bn.](#)

"The company will rely more on comp[arable] sales and e-commerce growth to drive the top line and plans to slow new-store openings, while increasing investments in e-commerce, technology, store remodels and other customer initiatives," it said.

Walmart share price



Chief executive Doug McMillon said he will use today's investors meeting to outline Wal-Mart's four "key areas of focus" - attracting families, a tighter control over expenses, building trust and "positioning the company to win".

"We are encouraged by the progress we're seeing across our business and we're moving with speed to position the company to win the future of retail," he said.

"Our customers want us to run great stores, provide a great e-commerce experience and find ways to save them money and time seamlessly - so that's what we're doing."

Earlier this year it [ditched Walmart Express, its smallest store format](#), five years after it launched.

But Asda has continued to struggle: in August [it posted results showing its worst quarterly performance on record](#), with sales falling 7.5 per cent in the three months to the end of June.

"In the UK, the competitive environment and food deflation continued to challenge the market, significantly impacting traffic and comparable sales," said McMillon at the time. He outlined a similar strategy to its US parent company.

"We are simplifying and strengthening our offering through improved availability and assortment discipline, reducing costs and driving sales through strategic price investments. While our turn-around will take time, I'm confident in the new leadership team there and want to assure you we're addressing this with urgency."

Shares in Walmart were down 2.25 per cent, at \$70.06, in pre-market trading in New York.

Link: <http://www.cityam.com/250882/wal-mart-reckons-profit-pretty-flat-next-year-but-thats>