

Estimating Walmart's Cost of Capital

Introduction

A large international retail chain, Walmart Inc., is one of the key subjects of financial analysis and examination of its strategic decisions. As we analyse the information disclosed by it one of the critical inputs in assessing the financial well-being relates to estimating its cost of capital.

Cost of Capital

There are different formulas of cost of capital, which shows the minimum amount that a particular company has to earn on its investments to satisfy its investors, creditors and stakeholders. For Walmart, this include the weighted average cost of capital, WACC with both equity and debts components.

Major assumptions

The valuation of Walmart's WACC depends on some assumptions with regard to the general market conditions, common performance indices in its sector and its past financial record. The calculations also do not seek to estimate a purely absolutely accurate number but strive to deliver a number that would correspond to Walmart's operation plan.

Conclusion

The calculation of Walmart's cost of capital is the cornerstone of the financial valuation and decision making process. This case solution provide the insight about the Walmart's financial structure and give the highlight about the WACC on corporate strategic level. Check out thecaselization.com to get a case analysis.

Recommendation

This case is just a sample partail case solution. Please place the order on the website to order your own orignally done case solution.

Resource: Visit thecasesolution.com for detailed analysis and more case studies.