NS Notes by Sara

FINANCIAL DATA-TO-INSIGHT · PROJECT 01 · FREE

Walmart vs Target

Turning sales into profit and cash. The project guide: six steps on two real retailers, with checkpoints and a workbook that checks your answers.

This guide
Six steps, with checkpoints

Starter workbook
The data, gold cells to fill in, and self-checks

Answers workbook
Every formula, both charts and a sample summary

Checklist and bonus
Check before you finish, then plan your own project

BEFORE YOU START

What you'll do

You'll take three years of published results from two of America's biggest retailers and answer one question, using the six steps from the Financial Data-to-Insight course.

YOUR QUESTION

Over the last three years, which retailer turned its sales into profit and cash more efficiently, and why?

What you'll produce

- A checked data sheet
- A table of 10 ratios for each company and year
- Two charts, each with the finding as its title
- A one-page summary that leads with the answer

What's in this pack

FILE	WHAT IT'S FOR
Project_01_Guide.pdf	This guide. Work through it step by step.
Project_01_Starter.xlsx	Your workbook. The data is in, and you add the formulas in the gold cells.
Project_01_Answers.xlsx	Every formula filled in, both charts and a sample summary. Open it only after you've tried each step.
Project_01_Mistakes_Checklist.pdf	One page to tick off before you call the project finished.
Project_01_Bonus_Build_Your_Own_Project.pdf	A fillable plan for your next project, on any company you choose.

WHAT YOU NEED

- Excel or Google Sheets
- Topics 1 to 12 of the course, or work through each step after its topic
- About 3 to 4 hours

HOW THE WORKBOOK CHECKS YOU

Type a formula in each **gold cell** on the Ratios sheet. The **Check** column shows ✓ **Correct** or **Not yet** once a row is filled in, and the top of the sheet counts how many of the 10 ratios are right.

THE DATA

Three years, two retailers

Everything is in **$ millions**. Each column is one fiscal year, ending around the end of January. The same figures are on the **Data** sheet of the starter workbook.

$ MILLIONS	WALMART JAN 2024	WALMART JAN 2025	WALMART JAN 2026	TARGET FEB 2024	TARGET FEB 2025	TARGET JAN 2026
Year ends	Jan 31	Jan 31	Jan 31	Feb 3	Feb 1	Jan 31
Weeks in year	Full year	Full year	Full year	53	52	52
Revenue	648,125	680,985	713,163	107,412	106,566	104,780
Cost of sales	490,142	511,753	535,395	77,828	76,502	75,511
Operating income	27,012	29,348	29,825	5,707	5,566	5,117
Net income	15,511	19,436	21,893	4,138	4,091	3,705
Inventory	54,892	56,435	58,851	11,886	12,740	12,304
Total current assets	76,877	79,458	84,874	17,498	19,454	20,005
Total current liabilities	92,415	96,584	107,469	19,304	20,799	21,230
Total assets	252,399	260,823	284,668	55,356	57,769	59,490
Operating cash flow	35,726	36,443	41,565	8,621	7,367	6,562
Capital spending	20,606	23,783	26,642	4,806	2,891	3,727

Read the labels carefully

- **Revenue** is total revenue for both. Walmart's includes membership and other income. Target labels its line "Net Sales", and it includes advertising, credit card profit sharing and other revenue.
- **Net income** is consolidated net income attributable to Walmart, and net earnings for Target.
- **Capital spending** is payments for property and equipment. The reports show it in brackets as cash going out. It's typed here as a positive number.
- Balance sheet lines (inventory, current assets and liabilities, total assets) are at each year end.

Sources: each company's year-end earnings release, filed with the SEC. The full links are on the last page and on the Sources sheet.

STEP 1 · PRACTICES TOOLKIT A AND TOPICS 2 AND 3

1 Assess: check the data first

Before you calculate anything, look for the traps. Two companies can look comparable and still not be.

1. **Year ends.** Walmart's years end on January 31. Target's end on the Saturday nearest January 31, so its first column ends on February 3, 2024.
2. **Week counts.** Target's year to February 2024 had 53 weeks, one more than the next year.
3. **Revenue lines.** Both companies' revenue includes some income that isn't from selling goods, and little or none of it has a matching cost of sales. This project uses total revenue for both. On net sales alone, Walmart's gross margin for the year to January 2026 would be 24.2% instead of 24.9%.
4. **Units and totals.** Everything is in $ millions. Tie three numbers back to the original releases, using the Sources sheet.

Checkpoint 1. Target's revenue fell 0.8% in the year to February 2025. Why might that overstate how much its business actually shrank? (Answer on page 8.)

STEP 2 · PRACTICES TOPICS 4 AND 5

2 Inquire: sharpen the question

"More efficient" could mean several things. Write a short question brief, using the fields from Topic 4: the question, the decision it informs, who decides, the measure, the time frame, possible causes and the data you need.

Then break the question into a hypothesis tree with four branches:

BRANCH	WHAT IT ASKS	MEASURES
Margins	Does one keep more of each dollar of sales?	Gross margin, operating margin, net margin
Turnover	Does one get more sales from what it owns?	Asset turnover, inventory turnover
Cash	Does one turn profit into cash better?	Operating cash flow ÷ net income, free cash flow
Growth	Is one growing while the other isn't?	Revenue growth

Return on assets ties the first two branches together, and the current ratio adds a quick look at short-term liquidity. Both are in the ratio table on the next page.

STEP 3 · PRACTICES TOOLKIT B AND TOPICS 6 AND 7

3 Analyze: calculate and compare

On the **Ratios** sheet, type a formula in each gold cell, using the Data sheet. This project uses year-end figures for every ratio, to keep it simple. Topic 6 explains why analysts often use averages for turnover. Revenue growth needs the year before, so it starts in the second year.

RATIO	FORMULA	EXCEL, WALMART, YEAR TO JAN 2026
Revenue growth	(This year ÷ last year) − 1	`=(Data!D8/Data!C8)-1`
Gross margin	(Revenue − cost of sales) ÷ revenue	`=(Data!D8-Data!D9)/Data!D8`
Operating margin	Operating income ÷ revenue	`=Data!D10/Data!D8`
Net margin	Net income ÷ revenue	`=Data!D11/Data!D8`
Inventory turnover	Cost of sales ÷ inventory	`=Data!D9/Data!D12`
Asset turnover	Revenue ÷ total assets	`=Data!D8/Data!D15`
Return on assets	Net income ÷ total assets	`=Data!D11/Data!D15`
Current ratio	Current assets ÷ current liabilities	`=Data!D13/Data!D14`
Operating cash flow ÷ net income	Operating cash flow ÷ net income	`=Data!D16/Data!D11`
Free cash flow	Operating cash flow − capital spending	`=Data!D16-Data!D17`

For other years and for Target, change the column letter: B, C and D are Walmart; E, F and G are Target.

What you should see, year to January 2026

RATIO	WALMART	TARGET
Revenue growth	4.7%	-1.7%
Gross margin	24.9%	27.9%
Operating margin	4.2%	4.9%
Inventory turnover	9.1×	6.1×
Asset turnover	2.51×	1.76×
Return on assets	7.7%	6.2%
Operating cash flow ÷ net income	1.9×	1.8×

Checkpoint 2. Target keeps more of each sale, so why is Walmart's return on assets higher?
(Answer on page 8.)

STEP 4 · PRACTICES TOPICS 8 AND 9

4 Visualize: show the finding

Build two charts on the **Charts** sheet. Its two small tables copy your answers from the Ratios sheet. Select A5:C8 and insert a line chart, then select A10:B12 and insert a bar chart.

CHART 1 · LINE

Operating margin, three years, both companies.

It shows how each company's margin moved. The axis can start at 3.5% to show the change, because it's a labeled line chart.

CHART 2 · BAR

Inventory turnover, year to January 2026.

It shows the efficiency gap: Walmart 9.1 times a year, Target 6.1. Bars must start at zero, because their length is the message.

Five rules from Topic 8

1. **One chart, one message.**
2. **Write the finding as the title.** For example, "Target keeps more of each sale, but its margin has slipped", not "Operating margin by year".
3. **Remove clutter:** heavy gridlines, borders, 3D effects and a legend you could replace with direct labels.
4. **Be careful with the axis.**
5. **Use color on purpose:** gray for most things, one strong color for what matters.

Checkpoint 3. Why is it fine for the margin chart's axis to start at 3.5%, but not the bar chart's?
(Answer on page 8.)

Topic 9 lists five ways charts mislead: a cut axis, a convenient time window, two different y-axes, 3D and decoration, and no comparison. Check both charts against them.

STEP 5 · PRACTICES TOPIC 10

5 Interpret: write the one-page summary

On the **Summary** sheet, lead with the answer, then use Finding, Why, So what and Now what. End with at least one honest limit.

SAMPLE OPENING

Target keeps more of each sale, but Walmart turns its assets into sales and profit faster, and its sales are growing while Target's fell. In the year to January 2026, Target's operating margin was 4.9% against Walmart's 4.2%, but Walmart turned its inventory 9.1 times against Target's 6.1 and earned a higher return on assets, 7.7% against 6.2%.

Limits you could name: three years is a short period, the two companies report revenue a little differently, and Target's year to February 2024 had 53 weeks.

STEP 6 · PRACTICES TOPICS 11 AND 12

6 Prompt: check it with AI

Ask an AI tool to recalculate your ratio table, then check its work. These are public figures, so they're fine to paste. With your own company's data, follow the rules in Topic 11 first.

Use the six-part prompt from Topic 11:

PART	FOR THIS PROJECT
Role	You are a financial analyst checking a student's ratio analysis.
Context	I'm comparing how efficiently Walmart and Target turned sales into profit and cash over three fiscal years.
Task	Recalculate my ratio table from the data below and point out anything unusual.
Data	The Data sheet, pasted below, in $ millions, three fiscal years for each company.
Format	A table in the same layout as mine, then up to five bullet points on anything unusual.
Rules	Show your calculations. Use year-end figures. Don't invent numbers. If you're not sure, say so.

Then **check two of its numbers** against your workbook by hand, and note any it got wrong. An AI answer is a draft until you've checked it.

FINISH LINE

Open **Project_01_Mistakes_Checklist.pdf** and tick every line. Then compare your work with **Project_01_Answers.xlsx**. Your wording can differ from the sample summary. What matters is that your answer leads, uses numbers and states its limits.

NEXT

When you're done, open **Project_01_Bonus_Build_Your_Own_Project.pdf** and plan your own project on two companies you choose.

ANSWERS AND SOURCES

Checkpoint answers

Checkpoint 1. The year before had 53 weeks and this one had 52. Target says the extra week added about $1.7 billion, or about 1.6% of that year's sales. Without it, sales rose slightly, by about 0.8%. Always check the length of the period before comparing.

Checkpoint 2. Return on assets = net margin × asset turnover. Target's net margin is higher (3.5% against 3.1%), but Walmart gets about $2.51 of sales from each dollar of assets, against Target's $1.76. Walmart's speed more than makes up for its thinner margin: 7.7% against 6.2%.

Checkpoint 3. A bar's length is the message, so a cut axis makes a small gap look huge. A line chart shows change, so it can start higher, as long as the axis is clearly labeled.

Sources

COLUMNS	SOURCE
Walmart, years to Jan 2025 and Jan 2026	Walmart, fourth quarter fiscal 2026 earnings release stock.walmart.com/sec-filings/all-sec-filings/content/0000104169-26-000032/earningsreleasefy26q4.htm
Walmart, year to Jan 2024	Walmart, fourth quarter fiscal 2025 earnings release sec.gov/Archives/edgar/data/0000104169/000010416925000010/earningsreleasefy25q4.htm
Target, years to Feb 2025 and Jan 2026	Target, fourth quarter and full-year 2025 earnings corporate.target.com/press/release/2026/03/target-corporation-reports-fourth-quarter-and-full-year-2025-earnings
Target, year to Feb 2024	Target, fourth quarter and full-year 2024 earnings sec.gov/Archives/edgar/data/27419/000002741925000008/a2024q4ex-99.htm

Figures are as reported. The same figures appear in each company's annual 10-K report. Walmart and Target are real companies, used here for education only. This project teaches analysis and isn't investment advice.

Spotted a mistake or something unclear? Email support@notesbysara.org.