

# ModernGraham Valuation

## Company Name:

Bed Bath & Beyond  
Inc.

Company Ticker      BBBY

Date of Analysis

8/21/2015



## Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

*Defensive Investor; must pass 6 out of the following 7 tests.*

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	Fail
3. Earnings Stability	Positive EPS for 10 years prior	Pass
4. Dividend Record	Dividend Payments for 10 years prior	Fail
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	Pass
6. Moderate PEmg Ratio	PEmg < 20	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	Fail

*Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.*

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	Pass
3. Earnings Stability	Positive EPS for 5 years prior	Pass
4. Dividend Record	Currently Pays Dividend	Fail
5. Earnings Growth	EPSmg greater than 5 years ago	Pass

### Suitability

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	4.91
MG Growth Estimate	9.60%
<b>MG Value</b>	<b>\$135.91</b>
MG Value based on 3% Growth	\$71.13
MG Value based on 0% Growth	\$41.70
Market Implied Growth Rate	2.11%

### MG Opinion

Current Price	\$62.35
% of Intrinsic Value	45.88%
<b>Opinion</b>	<b>Undervalued</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$0.68
PEmg	12.71
Current Ratio	1.99
PB Ratio	4.18
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$5.15	Next Fiscal Year Estimate	\$4.91
Feb15	\$5.07	Feb15	\$4.63
Feb14	\$4.79	Feb14	\$4.19
Feb13	\$4.56	Feb13	\$3.63
Feb12	\$4.06	Feb12	\$2.99
Feb11	\$3.07	Feb11	\$2.38
Feb10	\$2.30	Feb10	\$2.03
Feb09	\$1.64	Feb09	\$1.89
Feb08	\$2.10	Feb08	\$1.95
Feb07	\$2.09	Feb07	\$1.78
Feb06	\$1.92	Feb06	\$1.52
Feb05	\$1.65	Feb05	\$1.24
Feb04	\$1.31	Feb04	\$0.96
Feb03	\$1.00	Feb03	\$0.73
Feb02	\$0.74	Feb02	\$0.56
Feb01	\$0.59	Feb01	\$0.43
Feb00	\$0.46	Feb00	\$0.33
Feb99	\$0.34	<b>Balance Sheet Information May15</b>	
Feb98	\$0.26	Total Current Assets	\$3,930,701,000
Feb97	\$0.20	Total Current Liabilities	\$1,973,153,000
Feb96	\$0.15	Long-Term Debt	\$1,500,000,000
		Total Assets	\$6,599,077,000
		Intangible Assets	\$486,279,000
		Total Liabilities	\$4,046,881,000
		Shares Outstanding (Diluted Average)	171,133,000



Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

## Recommended Reading:

Other  
ModernGraham  
posts about the  
company

[The 12 Best Stocks For Value Investors This Week – 5/30/15](#)  
[Bed Bath & Beyond Inc. Quarterly Valuation – May 2015 \\$BBBY](#)  
[27 Companies in the Spotlight This Week – 2/14/15](#)  
[Bed Bath & Beyond Inc. Quarterly Valuation – February 2015 \\$BBBY](#)  
[Bed Bath & Beyond Quarterly Valuation – November 2014 \\$BBBY](#)

Other  
ModernGraham  
posts about related  
companies

[Ann Inc. Analysis – Initial Coverage \\$ANN](#)  
[Kohl's Corporation Analysis – August 2015 Update \\$KSS](#)  
[Aaron's Inc. Analysis – Initial Coverage \\$AAN](#)  
[Nordstrom Inc. Analysis – July 2015 Update \\$JWN](#)  
[Tractor Supply Company Analysis – Initial Coverage \\$TSCO](#)  
[Coach Inc. Analysis – July 2015 Update \\$COH](#)  
[TJX Companies Analysis – July 2015 Update \\$TJX](#)  
[Dollar Tree Inc. Analysis – July 2015 Update \\$DLTR](#)  
[Tiffany & Company Analysis – July 2015 Update \\$TIF](#)  
[Urban Outfitters Analysis – July 2015 Update \\$URBN](#)