

# ModernGraham Valuation

## Company Name:

Company Ticker BBY  
Date of Analysis

Bed Bath & Beyond  
Inc.

11/24/2015



## 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	\$9,168,687,656	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.00	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	156.26%	Pass
6. Moderate PEmg Ratio	PEmg < 20	11.10	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.52	Pass

*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	2.00	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.75	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	\$4.88
MG Growth Estimate	9.49%
<b>MG Value</b>	<b>\$134.12</b>
MG Value based on 3% Growth	\$70.79
MG Value based on 0% Growth	\$41.50
Market Implied Growth Rate	1.30%

### MG Opinion

Current Price	\$54.19
% of Intrinsic Value	40.40%
<b>Opinion</b>	<b>Undervalued</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$0.51
Graham Number	\$41.94
PEmg	11.10
Current Ratio	2.00
PB Ratio	3.52
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	\$5.08	Next Fiscal Year Estimate	\$4.88
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 Aug15</b>	
Feb98	\$0.26	Total Current Assets	\$3,997,892,000
Feb97	\$0.20	Total Current Liabilities	\$2,003,199,000
Feb96	\$0.15	Long-Term Debt	\$1,500,000,000
		Total Assets	\$6,651,306,000
		Intangible Assets	\$487,139,000
		Total Liabilities	\$4,083,038,000
		Shares Outstanding (Diluted Average)	166,633,000





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**

- [5 Undervalued Companies for Enterprising Investors Near 52 Week Lows – November 2015](#)
- [10 Low PE Stocks for the Enterprising Investor – November 2015](#)
- [The Best Companies of the Retail Industry – August 2015](#)
- [15 Best Stocks For Value Investors This Week – 8/22/15](#)
- [Bed Bath & Beyond Inc. Analysis – August 2015 Update \\$BBBY](#)

**Other ModernGraham posts about related companies**

- [Kohl's Corporation Valuation – November 2015 Update \\$KSS](#)
- [Aaron's Inc. Valuation – October 2015 Update \\$AAN](#)
- [Nordstrom Inc. Valuation – October 2015 Update \\$JWN](#)
- [Tractor Supply Company Valuation – October 2015 Update \\$TSCO](#)
- [Coach Inc. Valuation – October 2015 Update \\$COH](#)
- [Dollar Tree Stores Inc. Valuation – October 2015 Update \\$DLTR](#)
- [TJX Companies Inc. Valuation – October 2015 Update \\$TJX](#)
- [Tiffany and Company Valuation – October 2015 Update \\$TIF](#)
- [Urban Outfitters Inc. Analysis – October 2015 Update \\$URBN](#)
- [Staples Inc. Analysis – September 2015 Update \\$SPLS](#)