

ModernGraham Valuation

Company Name:

Best Buy Co Inc

Company Ticker BBY

Date of Analysis

7/28/2016



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	\$10,769,072,708	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.47	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	4.22%	Fail
6. Moderate PEmg Ratio	PEmg < 20	14.94	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.46	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	1.47	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.45	Pass
3. Earnings Stability	Positive EPS for 5 years prior		Fail
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Pass

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.23
MG Growth Estimate	15.00%
MG Value	\$85.75
MG Value based on 3% Growth	\$32.30
MG Value based on 0% Growth	\$18.93
Market Implied Growth Rate	3.22%

MG Opinion

Current Price	\$33.28
% of Intrinsic Value	38.81%
Opinion	Undervalued
MG Grade	C

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$2.47
Graham Number	\$28.27
PEmg	14.94
Current Ratio	1.47
PB Ratio	2.46
Current Dividend	\$0.97
Dividend Yield	2.91%
Number of Consecutive Years of Dividend Growth	13

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.60	Next Fiscal Year Estimate	\$2.23
Jan2016	\$2.56	Jan2016	\$1.85
Jan2015	\$3.49	Jan2015	\$1.52
Jan2014	\$1.53	Jan2014	\$0.80
Feb2012	-\$3.36	Feb2012	\$0.85
Feb2011	\$3.08	Feb2011	\$2.93
Feb2010	\$3.10	Feb2010	\$2.82
Feb2009	\$2.39	Feb2009	\$2.62
Feb2008	\$3.12	Feb2008	\$2.60
Feb2007	\$2.79	Feb2007	\$2.13
Feb2006	\$2.27	Feb2006	\$1.67
Feb2005	\$1.96	Feb2005	\$1.29
Feb2004	\$1.43	Feb2004	\$0.93
Feb2003	\$0.20	Feb2003	\$0.68
Feb2002	\$1.18	Feb2002	\$0.84
Feb2001	\$0.83	Feb2001	\$0.60
Feb2000	\$0.73	Feb2000	\$0.42
Feb1999	\$0.48	Balance Sheet Information 4/1/2016	
Feb1998	\$0.23	Total Current Assets	\$9,282,000,000
Feb1997	\$0.00	Total Current Liabilities	\$6,334,000,000
Feb1996	\$0.13	Long-Term Debt	\$1,334,000,000
		Total Assets	\$12,901,000,000
		Intangible Assets	\$443,000,000
		Total Liabilities	\$8,475,000,000
		Shares Outstanding (Diluted Average)	326,700,000





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.

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