

ModernGraham Valuation

Bed Bath & Beyond
Inc.



Company Name:

Company Ticker BBBY

Date of Analysis

3/11/2018

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	\$3,217,205,868	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.67	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	78.89%	Pass
5. Earnings Growth	PEmg < 20	5.36	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	1.13	Pass
7. Moderate Price to Assets			

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	1.67	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.94	Pass
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Pass
	Score		

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$4.19
MG Growth Estimate	0.01%
MG Value	\$35.70
MG Value based on 3% Growth	\$60.76
MG Value based on 0% Growth	\$35.62
Market Implied Growth Rate	-1.57%

MG Opinion

Current Price	\$22.46
% of Intrinsic Value	62.92%
Opinion	Undervalued
MG Grade	B+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$3.60
Graham Number	\$34.59
PEmg	5.36
Current Ratio	1.67
PB Ratio	1.13
Current Dividend	\$0.38
Dividend Yield	1.67%
Number of Consecutive Years of Dividend Growth	1

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.86	Next Fiscal Year Estimate	\$4.19
Feb2017	\$4.58	Feb2017	\$4.84
Feb2016	\$5.10	Feb2016	\$4.89
Feb2015	\$5.07	Feb2015	\$4.63
Feb2014	\$4.79	Feb2014	\$4.19
Feb2013	\$4.56	Feb2013	\$3.63
Feb2012	\$4.06	Feb2012	\$2.99
Feb2011	\$3.07	Feb2011	\$2.38
Feb2010	\$2.30	Feb2010	\$2.03
Feb2009	\$1.64	Feb2009	\$1.89
Feb2008	\$2.10	Feb2008	\$1.95
Feb2007	\$2.09	Feb2007	\$1.78
Feb2006	\$1.92	Feb2006	\$1.52
Feb2005	\$1.65	Feb2005	\$1.24
Feb2004	\$1.31	Feb2004	\$0.96
Feb2003	\$1.00	Feb2003	\$0.73
Feb2002	\$0.74	Feb2002	\$0.56
Feb2001	\$0.59	Balance Sheet Information 11/1/2017	
Feb2000	\$0.46	Total Current Assets	\$3,940,491,000
Feb1999	\$0.34	Total Current Liabilities	\$2,361,067,000
Feb1998	\$0.26	Long-Term Debt	\$1,491,952,000
		Total Assets	\$7,188,878,000
		Intangible Assets	\$716,283,000
		Total Liabilities	\$4,440,032,000
		Shares Outstanding (Diluted Average)	138,790,000





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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