

ModernGraham Valuation

Company Name:

Best Buy Co Inc

Company Ticker BBY

Date of Analysis

4/4/2018



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	\$20,868,931,358	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.26	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
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	317.38%	Pass
5. Earnings Growth	PEmg < 20	19.32	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	5.98	Fail
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	1.26	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.40	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 Score		Pass

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.77
MG Growth Estimate	15.00%
MG Value	\$145.22
MG Value based on 3% Growth	\$54.69
MG Value based on 0% Growth	\$32.06
Market Implied Growth Rate	5.41%

MG Opinion

Current Price	\$72.86
% of Intrinsic Value	50.17%
Opinion	Undervalued
MG Grade	B-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$1.32
Graham Number	\$35.27
PEmg	19.32
Current Ratio	1.26
PB Ratio	5.98
Current Dividend	\$1.36
Dividend Yield	1.87%
Number of Consecutive Years of Dividend Growth	5

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
Jan2018	\$4.70	Jan2018	\$3.77
Jan2017	\$3.26	Jan2017	\$3.18
Jan2016	\$3.81	Jan2016	\$2.85
Jan2015	\$2.56	Jan2015	\$1.87
Jan2014	\$3.49	Jan2014	\$1.33
Jan2013	\$1.53	Jan2013	\$0.46
Jan2012	\$0.00	Jan2012	\$0.29
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	\$2.59
Feb2007	\$2.79	Feb2007	\$2.13
Feb2006	\$2.27	Feb2006	\$1.67
Feb2005	\$1.96	Feb2005	\$1.28
Feb2004	\$1.41	Feb2004	\$0.92
Feb2003	\$0.21	Feb2003	\$0.68
Feb2002	\$1.18	Balance Sheet Information	
Feb2001	\$0.83	1/1/2018	
Feb2000	\$0.73	Total Current Assets	\$9,829,000,000
Feb1999	\$0.46	Total Current Liabilities	\$7,817,000,000
		Long-Term Debt	\$811,000,000
		Total Assets	\$13,049,000,000
		Intangible Assets	\$443,000,000
		Total Liabilities	\$9,437,000,000
		Shares Outstanding (Diluted Average)	296,600,000





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

[Best Buy Stock Analysis – 2015 Annual Update \\$BBY](#)
[19 Companies in the Spotlight This Week – 3/15/14](#)
[Best Buy Company Inc. \(BBY\) Annual Valuation](#)

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posts about related
companies

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[Walgreens Boots Alliance Inc Valuation – March 2018 \\$WBA](#)
[Bed Bath & Beyond Inc Valuation – March 2018 \\$BBBY](#)
[Ross Stores Inc Valuation – March 2018 \\$ROST](#)
[Nordstrom Inc Valuation – February 2018 \\$JWN](#)
[Walmart Inc Valuation – February 2018 \\$WMT](#)
[Costco Wholesale Corp Valuation – September 2017 \\$COST](#)
[McKesson Corp Valuation – August 2017 \\$MCK](#)
[Big 5 Sporting Goods Corp Valuation – Initial Coverage \\$BGFV](#)
[Amazon.com Inc Valuation – August 2017 \\$AMZN](#)