



BEST BUY.

NYSE: BBY
Best Buy Co., Inc.

Fundamental Analysis





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Introduction

GICS Sector: Consumer Cyclical

Sub-Industry: Specialty Retail



CEO: Corie Barry

Tenure: 3.8 years

Best Buy Co., Inc's management team has an average tenure of **3.8 years**. It is considered experienced.

Source of revenue:

- Best Buy Co. Inc. engages in the retail of technology products in the United States and Canada.
- The company has two reportable segments: Domestic and International.
- Both the Domestic and International segments have offerings in six revenue categories:
 - Computing and Mobile Phones such as desktops, notebooks, mobile phones and wearables
 - Consumer Electronics such as digital imaging, health and fitness products
 - Appliances including dishwashers, laundry, ovens and refrigerators
 - Entertainment such as drones, gaming, virtual reality and other software
 - Services including consultation, delivery, design, installation, memberships, technical support and warranty-related services
 - Other product offerings, including baby, food and beverage



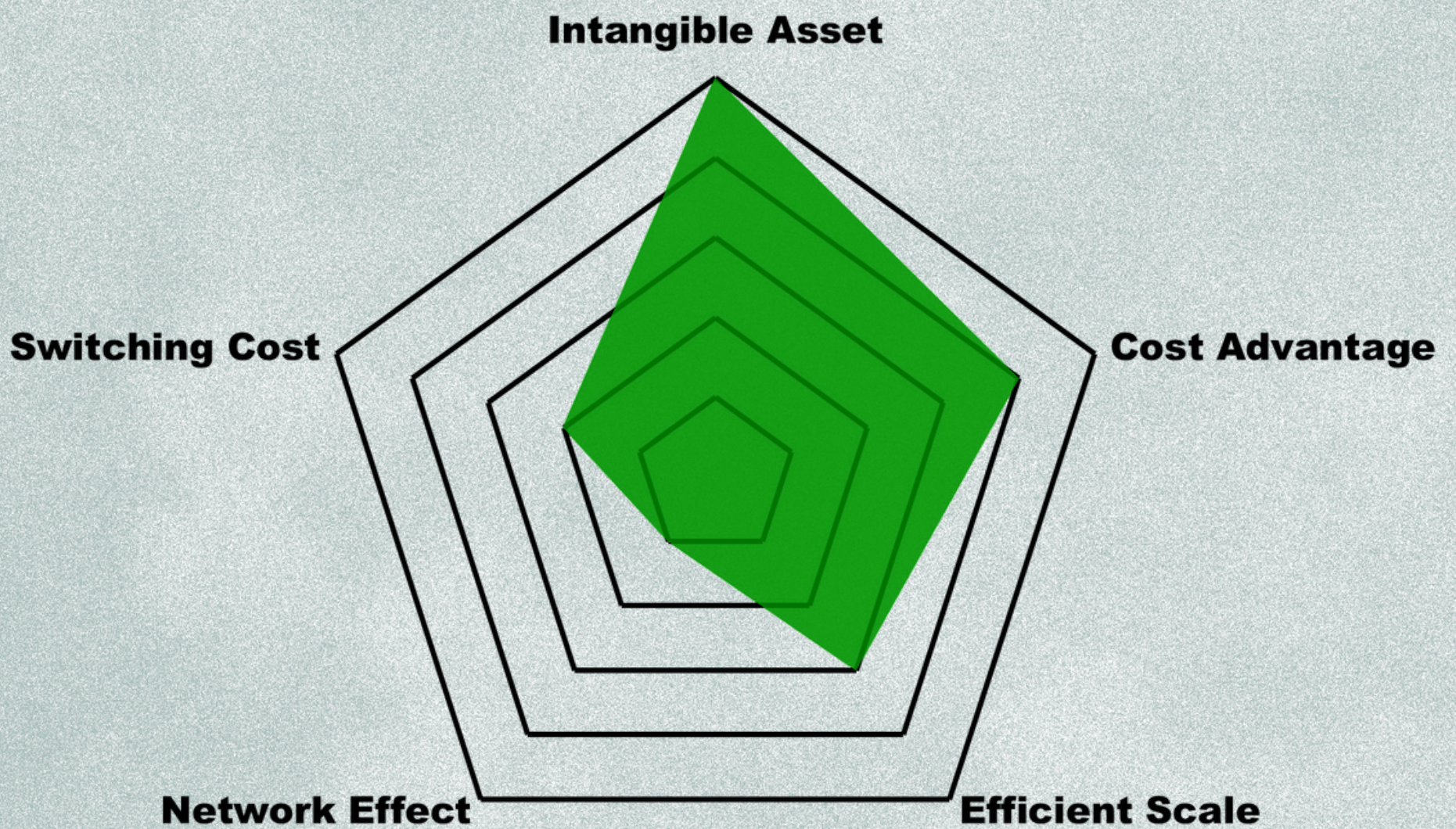
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Economic Moat



Economic moat: **None**

There are many ways to identify a company's economic moat, but I focus on the above 5 types. The rating is purely subjective, and it is based on my in-depth understanding and analysis of the company.



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Performance

	Yes	Inconsistent	No
Revenue growing YoY for the past 5 years consistently?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Net income growing YoY for the past 5 years consistently?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Cash flow from operating activities growing YoY for the past 5 years consistently?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Free cash flow is positive for the past 5 years?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gross margin % is consistent/growing for the past 5 years?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
EPS growing for the past 5 years?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>





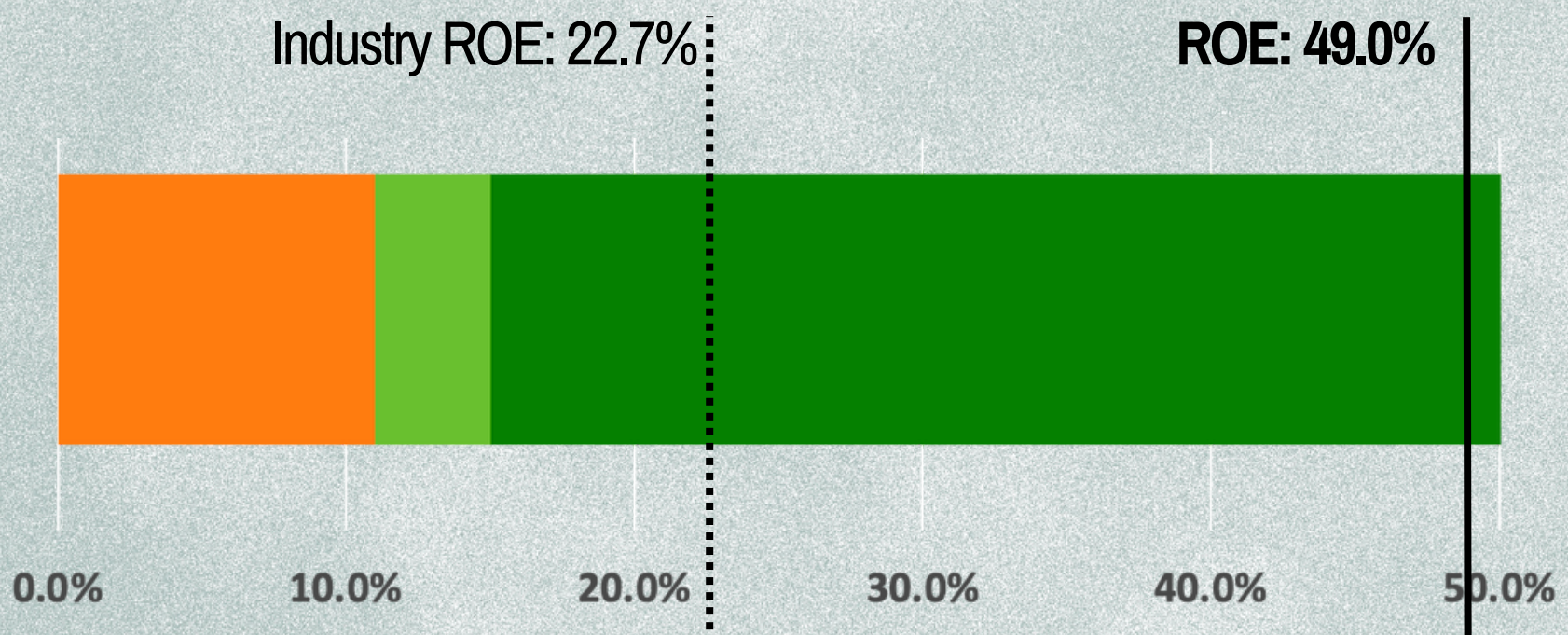
Management Effectiveness

Yes

Inconsistent

No

ROE is consistently at 12%-15% YoY for the past 5 years?



ROIC is consistently at 12%-15% YoY for the past 5 years?



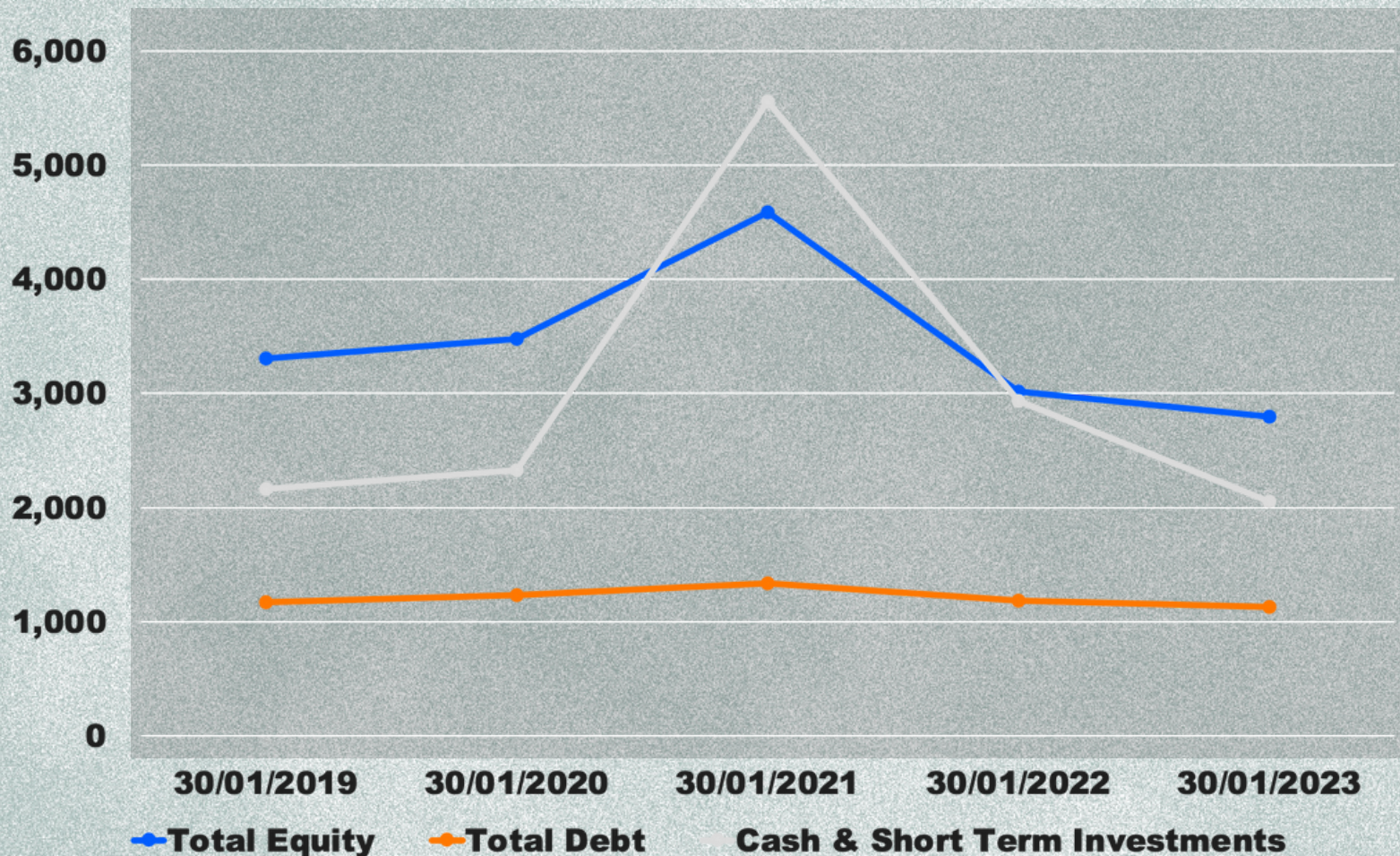
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Financial Health

USD Millions



Current Ratio: 0.9



Debt-to-EBITDA: 1.5



Interest Coverage: 55.5



Debt Servicing Ratio: 1.9%



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Relative Valuation





Intrinsic Valuation

Estimated intrinsic value: **\$137.21**

Value is calculated using discounted cash flow method (taking into account their cash and debt) and scenario planning.

Average free cash flow used: USD\$2,000M

Projected growth rate: 6% - 7%

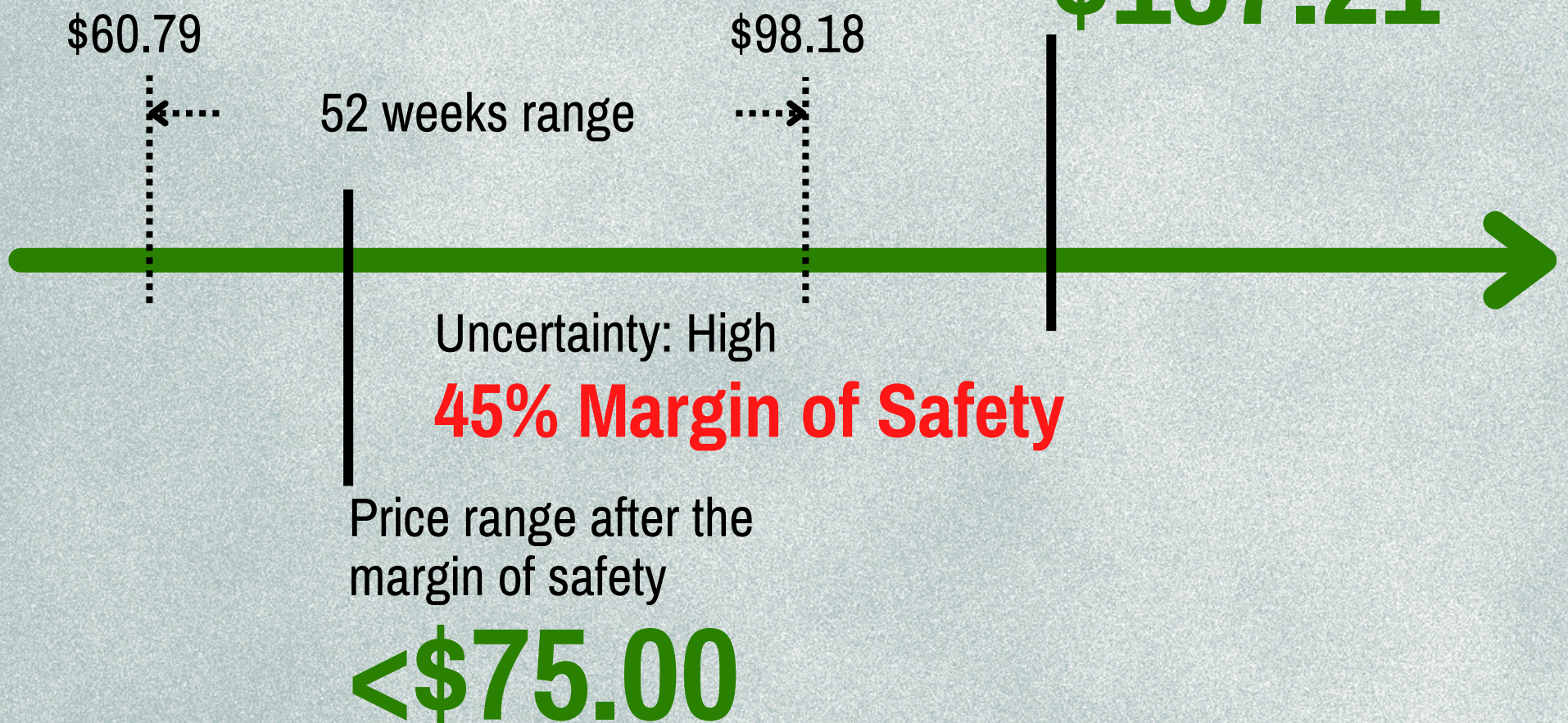
Beta: 1.52

Discount rate: 9.6%

Date of calculation: 22 Apr 2023

Estimated intrinsic value of Best Buy Co.

\$137.21



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