

Best Buy (BBY)

Price:	\$17.64
Market Cap:	\$5,995,836,000
Cash:	\$1,386,000,000
Debt:	\$2,027,000,000
Net Cash:	-\$641,000,000
Enterprise Value:	\$6,636,836,000
Target Market Cap:	\$17,365,303,551
Target Enterprise Value:	\$18,006,303,551

Price/Book:	1.61
EV/FCF:	2.58
Net Tang. Asset/Share:	\$7.00
Avg. Year 1-5 FCF/Share:	\$4.64
5 Years of FCF:	\$23.19
Net Tang. Asset+5 FCF:	\$30.19

Net Tang. Asset Yr. 5/Share:	\$13.98
Avg. Year FCF/Share:	\$4.64
Year 5 Disposition FCF Multipl:	3.0
Year 5 Disposition Price:	\$27.90
Gain Year 5:	\$20.90

Net Tang. Asset+5 FCF+ Gain Disposition:	\$51.09
IRR:	23.70%

Bestbuy, \$1.7 BB Op. CF, \$800 MM Capex, \$900 MM FCF. Manageable debt at \$2 BB with \$1.2 BB in cash. About \$2 BB in net tangible assets. Growth at 1%. The new PE+Mr. Schulze could improve margins by reducing SG&A fees and introducing higher margin products. Many investors are placing Best Buy under the Blockbuster, Borders Bookstore umbrella, or a brick and mortar business model failures. Blockbuster failed because of high rental costs for each movie versus Redbox, Netflix and downloadable movies, which are cheaper. Borders failed because Barnes and Noble provided the Nook. Also, PDF books, and Amazon provided lower prices. For Best Buy, we believe it won't turn into a Circuit City, simply because buyers want to go to a store for large purchases such as t.v., fridge, computers. We don't see any other viable option to Best Buy, but we do foresee shrinking growth as more purchases for smaller items such as DVDs, games, accessories are done online, which seems to take up at least a quarter of Best Buy's floor space. In summary, Best Buy has strong cash flow generation, we foresee a \$50 value for co. in 5 years, no liquidity/leverage issue. The biggest issue is operational efficiency. Need to close down more stores and create a different floor plan to optimize sales per sq. ft for new store openings.

Company Name: Best Buy
Ticker Symbol: BBY
Last Price: \$17.64
 Net Cash/Share: -\$1.89
 Net Cash to Last Price: -10.69%
 Shares Outstanding: 339,900,000
 Industry: Specialty Retail
 Sector: Consumer Cyclical

Institutional Ownership: #VALUE!
 Mutual Fund Ownership: #VALUE!
 Insider Ownership: #VALUE!
 Retail Ownership: #VALUE!
 Float: #VALUE!

Technicals

52 week low: Error
 Today from 52 week low: #VALUE!
 52 week high: Error
 Today from 52 week high: #VALUE!
 50 day Moving Average: Error
 200 day Moving Average: Error

Analyst/Consensus

Analyst Sales Growth FY1: N/A
 Analyst Sales Growth FY2: -0.60%
 SN Valuation Estimate FY1: 1.00%
 SN Valuation Estimate FY2: 1.00%

Analyst Earnings Estimate FY1: \$3.62
 Analyst Earnings Estimate FY2: \$3.71
 SN Valuation Earnings Est. FY1: \$2.22
 SN Valuation Earnings Est. FY2: \$2.36

Multiples

Market Value to Book: 1.61
 EV to Book: 1.79
 Market Value to Tangible Net Assets: 7.22
 P/E Ratio: -5.66
 Trailing P/E Ratio: N/A
 Forward P/E Ratio: 5.39
 Beta: Error
 Dividend: 0.68
 Dividend Yield: 3.40%
 Dividend Date: Oct 1, 2012
 Ex-Dividend Date: Sep 7, 2012

Competitors

Average EV to EBITDA: N/A
 Company EV to EBITDA: 3.27
 Average EV to EBIT: N/A
 Company EV to EBITA: 6.12

Market Capitalization: \$5,995,836,000.00
 Total Debt: \$2,027,000,000.00
 Total Cash: \$1,386,000,000.00
 Net Cash/(Debt): -\$641,000,000.00
 Enterprise Value: \$6,636,836,000.00
 Current EV/Share: \$19.53
 EBITDA: \$2,030,000,000.00
 EV/EBITDA Multiple: 3.27
 EV/EBITDA Multiple Average Year 1-5: 2.98
 EV/FCF Multiple: 2.58
 EV/FCF Multiple Average Year 1-5: 3.63

Upper Range

DCF: EV/EBITDA Terminal Value

Implied TV from 3 X EV/EBITDA Multiple \$3,996,859,844.27
 Enterprise Value \$3,996,859,844.27
 Cash at Year 5: \$7,068,733,151.34
 Debt at Year 5: \$350,000,000.00
 Equity Value Year 5: \$10,715,592,995.61
Equity/Share at Year 5: \$31.53
 Annualized Return: 12.31%

Lower Range

DCF: Net Tangible Asset excluding Cash/Debt Terminal Value

Year 5 Net Tangible Assets excluding cash and debt \$3,038,000,000.00
 Enterprise Value \$3,038,000,000.00
 Cash at Year 5: \$7,068,733,151.34
 Debt at Year 5: \$350,000,000.00
 Equity Value Year 5: \$9,756,733,151.34
Equity/Share at Year 5: \$28.70
 Annualized Return: 10.23%

EVA

EVA today: \$3,535,009,622.43
 EVA in 5 Years: \$5,771,178,652.48
 EVA/Share: \$16.98
 Cash at Year 5: \$7,068,733,151.34
 Debt at Year 5: \$350,000,000.00
 Equity Value Year 5: \$12,489,911,803.82
Equity/Share at Year 5: \$36.75
Annualized return 10.30%

Current Net Tangible Asset

Net Tangible Asset/Share: \$5.96
Net Tangible Asset/Share in Year 5: \$14.01
 Annualized return 18.66%

Current Equity Price: \$17.64
 Selling at Discount? Premium
 Appreciation Potential: -66.23%

Dividend Model

Next Year Dividend \$151,008,862.93
WACC: 9.17%
 Dividend: \$231,132,000.00
 Net Income: -\$1,060,000,000.00

Income Statement

Revenue: \$50,700,000,000.00 100.0%
 Cost of Goods Sold: \$38,130,000,000.00 75.2%
 Gross Profit: \$12,570,000,000.00 24.8%
 EBITDA: \$3,300,000,000.00 6.5%
 Net Income: -\$1,060,000,000.00 -2.1%

Balance Sheet

Cash: \$1,386,000,000.00
 Short Term Investment: \$0.00
 A/R: \$1,846,000,000.00
 PP&E: \$3,449,000,000.00
 Assets: \$16,053,000,000.00
 A/P: \$5,731,000,000.00
 Deferred Tax: \$0.00
 Other Liabilities: \$4,581,000,000.00
 Short term Debt: \$349,000,000.00
 Long Term Debt: \$1,678,000,000.00
 Liabilities: \$12,339,000,000.00
 Retained Earnings: \$3,621,000,000.00
 Paid-In Capital: \$0.00
 Treasury Stock: \$0.00
 Stockholder's Equity: \$3,714,000,000.00

Cash Flow

Net Income: 22,000,000.00
 Depreciation/Amortization: 945,000,000.00
 Change in Working capital: 713,000,000.00
 Cash from Operating Activities: 3,293,000,000.00
 Capital Expenditures: -766,000,000.00
 Cash from Investing Activities: -724,000,000.00
 Total Cash Dividends Paid: -228,000,000.00
 Issuance (Retirement) of Stock: -1,433,000,000.00
 Issuance (Retirement) of Debt: 509,000,000.00
 Cash from Financing Activities: -2,478,000,000.00

Profitability Margins

Debt to Equity: 54.58%
 Return on Assets: -6.58%
 Return on Capital: -18.41%
 Return on Equity: -28.46%

SN VALUATION

LBO Analysis

WACC Terminal Value:	N/A	Intrinsic Price in 5 Years:	34.09	Non-LBO Forecast	20.12	Non-LBO Forecast	Desired Return Rate	20.00%
EV/EBITDA with 3X Multiple Terminal Value:	\$31.53	Market Price:	17.64	Year 1 Target	22.96	Year 2 Target	Implied Today's Price	13.70
Net Tangible Asset Terminal Value:	\$28.70	LBO Price:	17.64	Year 3 Target	26.19	Year 4 Target	Overvalued/(Undervalued)	28.78%
EV/EBITDA with Today's Multiple Terminal Value:	\$39.37	Premium to Market Price:	0.00%	Year 5 Target	34.09			
EVA Enterprise Value:	\$36.75	LBO Price/Intrinsic Price Target:	14.08%					
Dividend Discount Model:	N/A	LBO Price/EV/EBIT Exit Price:	10.28%	Implied IRR (Market Price):	14.08%			
Average (Excluding Dividend Discount):	\$34.09	Implied IRR at today's EV/EBITDA:	17.41%					
		5 Year Return:	93.23%					

Current Evaluation				Exit Evaluation			
Current Market Price:	17.64	LBO Price:	17.64	Exit Price:	34.09	Exit Price:	39.37
Outstanding Shares:	339,900,000	Outstanding Shares:	339,900,000	Outstanding Shares:	339,900,000	Outstanding Shares:	339,900,000
Market Capitalization:	5,995,836,000	Market Capitalization:	5,995,836,000	Market Capitalization:	11,585,601,044	Market Capitalization:	13,380,166,225
Available Cash:	1,386,000,000	Available Cash:	1,386,000,000	Available Cash:	7,068,733,151	Available Cash:	7,068,733,151
Debt:	2,027,000,000	Debt:	2,027,000,000	Debt:	350,000,000	Debt:	350,000,000
Net Cash:	-641,000,000	Net Cash:	-641,000,000	Net Cash:	6,718,733,151	Net Cash:	6,718,733,151
Enterprise Value:	6,636,836,000	Enterprise Value:	6,636,836,000	Enterprise Value:	4,866,867,893	Enterprise Value:	6,661,433,074
Original EV/EBITDA:	6.12	EV/EBITDA:	6.12	EV/EBITDA at 5 Years:	3.65	EV/EBITDA at 5 Years:	5.00
Original EV/EBITDA:	3.27	EV/EBITDA:	3.35	EV/EBITDA at 5 Years:	2.68	EV/EBITDA at 5 Years:	2.93
Competitor Average EV/EBIT:	N/A						
Competitor Average EV/EBITDA:	N/A						

Enterprise Valuation Calculation During Holding Period							
Time Period	0	Adjusted for LBO	1	2	3	4	5
Annualized Price Targets based off LBO Price:	17.64	17.64	20.12	22.96	26.19	29.88	34.09
Shares Outstanding:	339,900,000	339,900,000	339,900,000	339,900,000	339,900,000	339,900,000	339,900,000
Market Capitalization:	5,995,836,000	5,995,836,000	6,840,116,682	7,803,281,514	8,902,070,712	10,155,581,704	11,585,601,044
Available Cash:	1,386,000,000	1,386,000,000	2,250,924,983	3,093,964,886	3,987,401,351	5,427,876,110	7,068,733,151
Debt:	2,027,000,000	2,027,000,000	1,927,000,000	1,227,000,000	527,000,000	350,000,000	350,000,000
Net Cash:	-641,000,000	-641,000,000	323,924,983	1,866,964,886	3,460,401,351	5,077,876,110	6,718,733,151
Enterprise Value:	6,636,836,000	6,636,836,000	6,516,191,698	5,936,316,627	5,441,669,362	5,077,705,593	4,866,867,893
EBIT	1,085,000,000	1,085,000,000	1,280,301,250	1,293,104,263	1,306,035,305	1,319,095,658	1,332,286,615
EV/EBIT:	6.12	6.12	5.09	4.59	4.17	3.85	3.65
EBITDA	1,982,000,000	1,982,000,000	2,186,271,250	2,208,133,963	2,230,215,302	2,252,517,455	2,275,042,630
EV/EBITDA:	3.35	3.35	2.98	2.69	2.44	2.25	2.14

Enterprise Valuation Calculation During Holding Period							
Time Period	0	Adjusted for LBO	1	2	3	4	5
Annualized Price Targets based off LBO Price:	17.64	17.64	23.99	28.76	33.68	38.68	43.74
Shares Outstanding:	339,900,000	339,900,000	339,900,000	339,900,000	339,900,000	339,900,000	339,900,000
Market Capitalization:	5,995,836,000	5,995,836,000	8,155,399,109	9,776,753,753	11,449,288,107	13,146,651,734	14,866,196,531
Available Cash:	1,386,000,000	1,386,000,000	2,250,924,983	3,093,964,886	3,987,401,351	5,427,876,110	7,068,733,151
Debt:	2,027,000,000	2,027,000,000	1,927,000,000	1,227,000,000	527,000,000	350,000,000	350,000,000
Net Cash:	-641,000,000	-641,000,000	323,924,983	1,866,964,886	3,460,401,351	5,077,876,110	6,718,733,151
Enterprise Value:	6,636,836,000	6,636,836,000	7,831,474,126	7,909,788,867	7,988,886,756	8,068,775,624	8,149,463,380
EBIT	1,085,000,000	1,085,000,000	1,280,301,250	1,293,104,263	1,306,035,305	1,319,095,658	1,332,286,615
EV/EBIT:	6.12	6.12	6.12	6.12	6.12	6.12	6.12
EBITDA	1,982,000,000	1,982,000,000	2,186,271,250	2,208,133,963	2,230,215,302	2,252,517,455	2,275,042,630
EV/EBITDA:	3.35	3.35	3.58	3.58	3.58	3.58	3.58

LBO Price	17.64	Equity Partners:	8,203,836,000	Weighting	100.00%	Annualized Return for Equity Partners:	10.28%
Shares Outstanding	339,900,000	Debt Partners:	0		0.00%		
Market Capitalization	5,995,836,000	Total Funds for LBO:	8,203,836,000		100.00%		
Debt	2,208,000,000						
Cash	1,386,000,000						
Enterprise Value	6,817,836,000						
Capital Investment	8,203,836,000						

Book Value		Enterprise Value		Stock Valuation		Debt Reduction	
Beginning Book Value	3,714.00	Beginning Enterprise Value	6,636.84	Current Market Price	\$17.64	Starting Debt	1,678.00
Year 5 Book Value	6,610.93	Year 5 Enterprise Value	6,661.43	Year 5 Market Price	\$39.37	Debt Repayment	523.00
Annualized Return	12.22%	Annualized Return	0.07%	Annualized Return	17.41%	Year 5 Ending Debt	1.00
						% of Starting Debt	0.06%

SN VALUATION

LBO Pro Forma Income Statement

Name:

Best Buy

Ticker:

BBY

	Historical				Forecasted				
	52 weeks ending 2009-02-28	52 weeks ending 2010-02-27	52 weeks ending 2011-02-26	53 weeks ending 2012-03-03	2013	2014	2015	2016	2017
Revenue	45,015.00	49,243.00	49,747.00	50,705.00	51,212.05	51,724.17	52,241.41	52,763.83	53,291.46
COGS	34,017.00	37,201.00	37,197.00	38,113.00	38,921.16	39,310.37	39,703.47	40,100.51	40,501.51
Gross margin	10,998.00	12,042.00	12,550.00	12,592.00	12,290.89	12,413.80	12,537.94	12,663.32	12,789.95
SG&A	8,984.00	9,622.00	10,029.00	10,242.00	10,754.53	10,862.08	10,970.70	11,080.40	11,191.21
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	255.00	52.00	147.00	1,265.00	256.00	258.62	261.21	263.82	266.46
Other operating expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation is: Included within COGS					0.00	0.00	0.00	0.00	0.00
Operating Income (EBITA)	1,759.00	2,368.00	2,374.00	1,085.00	1,280.30	1,293.10	1,306.04	1,319.10	1,332.29
Interest income/(expense)	-59.00	-39.00	-43.00	-42.00	-114.25	-58.25	-2.25	11.91	11.91
Gain (loss) on sale of asset	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Income before tax	1,700.00	2,329.00	2,331.00	1,043.00	1,166.05	1,234.85	1,303.79	1,331.01	1,344.20
Tax	674.00	835.00	779.00	709.00	408.12	432.20	456.32	465.85	470.47
Income after tax	1,026.00	1,494.00	1,552.00	334.00	757.93	802.66	847.46	865.15	873.73
Minority Interest	-30.00	-36.00	-127.00	-1,387.00	0.00	0.00	0.00	0.00	0.00
Equity in affiliates	7.00	1.00	2.00	-4.00	-1.70	-2.05	-2.17	-2.12	-2.16
Net income	1,003.00	1,399.00	1,427.00	-1,057.00	756.23	800.61	845.29	863.03	871.57
* Figures are in millions (\$)									
EPS (based off today's share count)	\$2.95	\$4.12	\$4.20	-\$3.11	\$2.22	\$2.36	\$2.49	\$2.54	\$2.56
P/E (historical today's price; forecasted intrinsic price)	5.98	4.29	4.20	-5.67	9.05	9.75	10.53	11.77	13.29
Revenue Growth	N/A	9.39%	1.02%	1.93%	1.00%	1.00%	1.00%	1.00%	1.00%
Tax Rate	39.65%	33.85%	33.42%	67.98%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	-3.01%	-2.16%	-2.52%	-1.90%	-6.81%	-3.69%	-0.26%	6.69%	1191.00%
Margins									
COGS	75.57%	75.55%	74.77%	75.17%	76.00%	76.00%	76.00%	76.00%	76.00%
Gross margin	24.43%	24.45%	25.23%	24.83%	24.00%	24.00%	24.00%	24.00%	24.00%
SG&A	19.96%	19.54%	20.16%	20.20%	21.00%	21.00%	21.00%	21.00%	21.00%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	0.57%	0.11%	0.30%	2.49%	0.50%	0.50%	0.50%	0.50%	0.50%
Other operating expense	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation is: Included within COGS	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Operating Income (EBITA)	3.91%	4.81%	4.77%	2.14%	2.50%	2.50%	2.50%	2.50%	2.50%
Interest income/(expense)	-0.13%	-0.08%	-0.09%	-0.08%	-0.22%	-0.11%	0.00%	0.02%	0.02%
Gain (loss) on sale of asset	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Income before tax	3.78%	4.73%	4.69%	2.06%	2.28%	2.39%	2.50%	2.52%	2.52%
Tax	1.50%	1.70%	1.57%	1.40%	0.80%	0.84%	0.87%	0.88%	0.88%
Income after tax	2.28%	3.03%	3.12%	0.66%	1.48%	1.57%	1.65%	1.69%	1.71%
Minority Interest	-0.07%	-0.19%	-0.26%	-2.74%	0.00%	0.00%	0.00%	0.00%	0.00%
Equity in affiliates	0.02%	0.00%	0.00%	-0.01%	0.00%	0.00%	0.00%	0.00%	0.00%
Net income	2.23%	2.84%	2.87%	-2.08%	1.48%	1.55%	1.62%	1.64%	1.64%

SN VALUATION

LBO Adjusted Proforma Balance Sheet

	As of 2009-02-28	As of 2010-02-27	As of 2011-02-26	As of 2012-03-03	As of 2012-05-05	Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
						+	-						
Cash	498.00	1,826.00	1,103.00	1,199.00	1,386.00			1,386.00	2,250.92	3,093.96	3,987.40	5,427.88	7,068.73
Short term investment	11.00	90.00	22.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Cash and Short term	509.00	1,916.00	1,125.00	1,199.00	1,386.00			1,386.00	2,250.92	3,093.96	3,987.40	5,427.88	7,068.73
Accounts Receivable	1,868.00	2,020.00	2,348.00	2,288.00	1,846.00			1,846.00	1,846.00	1,846.00	1,846.00	1,846.00	1,846.00
Other receivables	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Receivables	1,868.00	2,020.00	2,348.00	2,288.00	1,846.00			1,846.00	1,846.00	1,846.00	1,846.00	1,846.00	1,846.00
Total Inventory	4,753.00	5,486.00	5,897.00	5,731.00	6,065.00			6,065.00	6,065.00	6,065.00	6,065.00	6,065.00	6,065.00
Prepaid Expenses	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other Current Assets	1,062.00	1,144.00	1,103.00	1,079.00	1,019.00			1,019.00	1,019.00	1,019.00	1,019.00	1,019.00	1,019.00
Current Assets	8,192.00	10,566.00	10,473.00	10,297.00	10,316.00	0.00	0.00	10,316.00	11,180.92	12,023.96	12,917.40	14,357.88	15,998.73
PP&E, Gross	6,940.00	7,453.00	7,905.00	8,000.00	8,000.00			8,000.00	8,000.00	8,000.00	8,000.00	8,000.00	8,000.00
Change in Depreciation		838.00	896.00	897.00	897.00			897.00	905.97	915.03	924.18	933.42	942.76
Accumulated Depreciation	2,766.00	3,383.00	4,082.00	4,551.00	4,551.00			4,551.00	5,456.97	6,372.00	7,296.18	8,229.60	9,172.36
PP&E, Net	4,174.00	4,070.00	3,823.00	3,449.00	3,449.00			3,449.00	2,543.03	1,628.00	703.82	-229.60	-1,172.36
Goodwill	2,203.00	2,452.00	2,454.00	1,335.00	1,335.00	0.00		1,335.00	1,335.00	1,335.00	1,335.00	1,335.00	1,335.00
Intangibles	495.00	438.00	336.00	359.00	354.00			354.00	279.98	204.62	132.83	63.93	-10.45
Long term investments	395.00	324.00	328.00	140.00	128.00			128.00	128.00	128.00	128.00	128.00	128.00
Other long term assets	367.00	452.00	435.00	403.00	471.00			471.00	471.00	471.00	471.00	471.00	471.00
Long Term Assets	7,634.00	7,736.00	7,376.00	5,686.00	5,737.00			5,737.00	4,757.01	3,766.62	2,770.65	1,768.33	751.20
Total Assets	15,826.00	18,302.00	17,849.00	15,983.00	16,053.00	0.00	0.00	16,053.00	15,937.93	15,790.59	15,688.05	16,126.20	16,749.93
Accounts Payable	4,997.00	5,276.00	4,894.00	5,364.00	5,731.00			5,731.00	5,731.00	5,731.00	5,731.00	5,731.00	5,731.00
Accrued Expense	1,841.00	2,225.00	2,041.00	2,224.00	2,233.00			2,233.00	2,233.00	2,233.00	2,233.00	2,233.00	2,233.00
Other current Liabilities	760.00	779.00	730.00	744.00	688.00			688.00	688.00	688.00	688.00	688.00	688.00
Total Current Liabilities	7,598.00	8,280.00	7,665.00	8,332.00	8,652.00	0.00	0.00	8,652.00	8,652.00	8,652.00	8,652.00	8,652.00	8,652.00
Notes Payables/Short Term Debt	783.00	663.00	557.00	480.00	306.00			306.00	306.00	306.00	306.00	306.00	306.00
Current port. Of LT Debt/Capital Leases	54.00	35.00	441.00	43.00	43.00			43.00	43.00	43.00	43.00	43.00	43.00
Long term Debt	1,126.00	1,104.00	711.00	1,685.00	1,678.00	0.00	0.00	1,678.00	1,578.00	878.00	178.00	1.00	1.00
Capital Lease Obligations	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Interest Earning Debt	1,963.00	1,802.00	1,709.00	2,208.00	2,027.00	0.00	0.00	2,027.00	1,927.00	1,227.00	527.00	350.00	350.00
Deferred Income tax	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Minority Interest	513.00	644.00	690.00	621.00	635.00			635.00	635.00	635.00	635.00	635.00	635.00
Other liabilities	1,109.00	1,256.00	1,183.00	1,099.00	1,025.00			1,025.00	1,025.00	1,025.00	1,025.00	1,025.00	1,025.00
Total Liabilities	11,183.00	11,982.00	11,247.00	12,260.00	12,339.00	0.00	0.00	12,339.00	12,239.00	11,539.00	10,839.00	10,662.00	10,662.00
Redeemable Preferred Stock	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Non-redeemable Preferred Stock	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Common Stock	41.00	42.00	39.00	34.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00
Additional Paid-in capital	205.00	441.00	18.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividends Paid	0.00	0.00	0.00	0.00	0.00			0.00	-250.00	-500.00	-750.00	-1,000.00	-1,250.00
Retained Earnings	4,714.00	5,797.00	6,372.00	3,621.00	3,621.00		0.00	3,621.00	4,378.93	5,181.59	6,029.05	6,894.20	7,767.93
Treasury Stock	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other Equity	-317.00	26.00	102.00	93.00	93.00		0.00	93.00	93.00	93.00	93.00	93.00	93.00
Total Equity	4,643.00	6,306.00	6,531.00	3,748.00	3,714.00	0.00	0.00	3,714.00	4,221.93	4,774.59	5,372.05	5,987.20	6,610.93
Liability + Equity	15,826.00	18,288.00	17,778.00	16,008.00	16,053.00	0.00	0.00	16,053.00	16,460.93	16,313.59	16,211.05	16,649.20	17,272.93
Variance	0.00	14.00	71.00	-25.00	0.00			0.00	-523.00	-523.00	-523.00	-523.00	-523.00
Debt/Equity	0.42	0.29	0.26	0.59	0.55			0.55	0.46	0.26	0.10	0.06	0.05
Inventory Turnover	9.47	8.98	8.44	8.85	8.44			8.36	8.44	8.53	8.61	8.70	8.79
Inventory Turnover Days	38.54	40.66	43.27	41.25	43.23			43.66	43.23	42.80	42.37	41.96	41.54
Days Inventory Outstanding	51.00	53.83	57.87	54.88	56.88			58.08	56.88	56.31	55.76	55.20	54.66
Accounts Receivable Turnover	24.10	24.38	21.19	22.16	27.74			27.47	27.74	28.02	28.30	28.58	28.87
Accounts Receivable Turnover Days	15.15	14.97	17.23	16.47	13.16			13.29	13.16	13.03	12.90	12.77	12.64
Days Payable Outstanding	53.62	51.77	48.02	51.37	53.74			54.88	53.74	53.21	52.69	52.16	51.65
Days Sales Outstanding	15.15	14.97	17.23	16.47	13.16			16.47	13.29	13.16	13.03	12.90	12.77
Cash Conversion Cycle	12.53	17.03	27.07	19.98	16.29			19.67	16.42	16.26	16.10	15.94	15.78
Net tangible assets/share					5.96				6.13	7.98	9.95	11.96	14.01

SN VALUATION

LBO Adjusted Proforma Cash Flow

	52 weeks ending 2009-02-28	52 weeks ending 2010-02-27	52 weeks ending 2011-02-26	53 weeks ending 2012-03-03	2011	2012	2013	2014	2015
Net Income	1,033.00	1,394.00	1,366.00	22.00	757.93	802.66	847.46	865.15	873.73
Depreciation	730.00	838.00	896.00	897.00	905.97	915.03	924.18	933.42	942.76
Net Income + Depreciation	1,763.00	2,232.00	2,262.00	919.00	1,663.90	1,717.68	1,771.64	1,798.58	1,816.48
Amortization	63.00	88.00	82.00	48.00	74.02	75.35	71.80	68.90	74.37
Deferred Taxes	-43.00	-30.00	-134.00	28.00	0.00	0.00	0.00	0.00	0.00
Non Cash Items	371.00	163.00	343.00	1,585.00	0.00	0.00	0.00	0.00	0.00
Change in Working capital	-277.00	-247.00	-1,363.00	713.00	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	-152.00	-328.00	60.00	0.00	0.00	0.00	0.00	0.00
Other Receivables	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inventory	0.00	-733.00	-411.00	166.00	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	279.00	-382.00	470.00	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	1,877.00	2,206.00	1,190.00	3,293.00	1,737.92	1,793.04	1,843.44	1,867.47	1,890.86
Capital Expenditures Expenditures	-1,303.00	-615.00	-744.00	-766.00	0.00	0.00	0.00	0.00	0.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	-2,124.00	75.00	175.00	42.00	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	-3,427.00	-540.00	-569.00	-724.00	0.00	0.00	0.00	0.00	0.00
Financing Cash flow items	-163.00	-42.00	-7.00	-1,326.00	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	-223.00	-234.00	-237.00	-228.00	250.00	250.00	250.00	250.00	250.00
Issuance (Retirement) of Stock	83.00	138.00	-1,014.00	-1,433.00	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Current Portion Debt	-	-	-	-	-523.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Long Term Debt	894.00	-210.00	-99.00	509.00	-100.00	-700.00	-700.00	-177.00	0.00
Cash from Financing Activities	591.00	-348.00	-1,357.00	-2,478.00	-873.00	-950.00	-950.00	-427.00	-250.00
Foreign Exchange effect	19.00	10.00	13.00	5.00	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	1,438.00	498.00	1,826.00	1,103.00	1,386.00	2,250.92	3,093.96	3,987.40	5,427.88
Net Change in Cash	-940.00	1,328.00	-723.00	96.00	864.92	843.04	893.44	1,440.47	1,640.86
Ending Cash Balance	498.00	1,826.00	1,103.00	1,199.00	2,250.92	3,093.96	3,987.40	5,427.88	7,068.73
Capex to Revenue	2.89%	1.25%	1.50%	1.51%	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation to Sales	1.62%	1.70%	1.80%	1.77%	1.77%	1.77%	1.77%	1.77%	1.77%
Amortization to Sales	0.14%	0.18%	0.16%	0.09%	0.14%	0.15%	0.14%	0.13%	0.14%
A/R to Sales	4.15%	4.10%	4.72%	4.51%	4.47%	4.42%	4.38%	4.34%	4.29%
Distributable FCF Yield	-23.35%	25.10%	9.36%	38.71%	26.19%	27.02%	27.78%	28.14%	28.49%
Dividend Yield	-3.72%	-3.90%	-3.95%	-3.80%	4.17%	4.17%	4.17%	4.17%	4.17%
FCF (Ops-Investing-Dividends)	-1,327.00	1,900.00	858.00	2,797.00	1,487.92	1,543.04	1,593.44	1,617.47	1,640.86

SN VALUATION

LBO Debt Schedule

	Proforma	2013	2014	2015	2016	2017
Net Change in Cash	96.00	864.92	843.04	893.44	1,440.47	1,640.86
Current Portion Debt Repayment		523.00				
Long Term Debt Repayment		100.00	700.00	700.00	177.00	
Outstanding Debt	2201.00	1578.00	878.00	178.00	1.00	1.00
Current Portion Debt Balance	523.00	0.00	0.00	0.00	0.00	0.00
Long Term Debt Balance	1678.00	1578.00	878.00	178.00	1.00	1.00
Forward Libor Curve		4.00%	4.00%	4.00%	4.00%	4.00%
Spread		4.00%	4.00%	4.00%	4.00%	4.00%
Interest Rate		8.00%	8.00%	8.00%	8.00%	8.00%
Interest Expense		126.24	70.24	14.24	0.08	0.08
Cash Balance		1199.00				
Interest @ 1.0%		11.99	11.99	11.99	11.99	11.99
Net Interest Expense/(Income)		114.25	58.25	2.25	(11.91)	(11.91)
Net Interest Rate		6.81%	3.69%	0.26%	-6.69%	-1191.00%
EBITDA		1280.30	1293.10	1306.04	1319.10	1332.29
EBITDA/Interest Expense Coverage		10.14	18.41	91.72	16488.70	16653.58

Interest Rate Coverage Table

Debt Rating					
AAA		AAA	AAA	AAA	AAA
AA	AA				
A+					
A					
A-					
BBB					
BB+					
BB					
B+					
B					
B-					
CCC					
CC					
C					
D					

*Source: NYU; Professor Damodaran

Altman Z Score

Company Name:

Best Buy

Ticker:

BBY

Period	2009	2010	2011	2012	2013	2014	2015	2016	2017
Working Capital	594.00	2,286.00	2,808.00	1,664.00	2,528.92	3,371.96	4,265.40	5,705.88	7,346.73
Total Assets	15,826.00	18,302.00	17,849.00	16,053.00	15,937.93	15,790.59	15,688.05	16,126.20	16,749.93
X1	0.04	0.12	0.16	0.10	0.16	0.21	0.27	0.35	0.44
Retained Earnings	4,714.00	5,797.00	6,372.00	3,621.00	4,378.93	5,181.59	6,029.05	6,894.20	7,767.93
Total Assets	15,826.00	18,302.00	17,849.00	16,053.00	15,937.93	15,790.59	15,688.05	16,126.20	16,749.93
X2	0.30	0.32	0.36	0.23	0.27	0.33	0.38	0.43	0.46
EBITDA	1,759.00	2,368.00	2,374.00	1,085.00	1,280.30	1,293.10	1,306.04	1,319.10	1,332.29
Total Assets	15,826.00	18,302.00	17,849.00	16,053.00	15,937.93	15,790.59	15,688.05	16,126.20	16,749.93
X3	0.11	0.13	0.13	0.07	0.08	0.08	0.08	0.08	0.08
Market Value of Equity	5,995.84	5,995.84	5,995.84	5,995.84	6,840.12	7,803.28	8,902.07	10,155.58	11,585.60
Total Liabilities	11,183.00	11,982.00	11,247.00	12,339.00	12,239.00	11,539.00	10,839.00	10,662.00	10,662.00
X4	0.54	0.50	0.53	0.49	0.56	0.68	0.82	0.95	1.09
Net Sales	45,015.00	49,243.00	49,747.00	50,705.00	51,212.05	51,724.17	52,241.41	52,763.83	53,291.46
Total Assets	15,826.00	18,302.00	17,849.00	16,053.00	15,937.93	15,790.59	15,688.05	16,126.20	16,749.93
X5	2.84	2.69	2.79	3.16	3.21	3.28	3.33	3.27	3.18
Altman Z Score	3.99	4.01	4.23	4.11	4.39	4.67	4.96	5.14	5.27

$$Z = 1.2 \times X1 + 1.4 \times X2 + 3.3 \times X3 + 0.6 \times X4 + 1.0 \times X5$$

Z-SCORE ABOVE 3.0 –The company is considered 'Safe' based on the financial figures only.

Blue

Z-SCORE BETWEEN 2.7 and 2.99 – 'On Alert'. This zone is an area where one should 'Exercise Caution'.

Green

Z-SCORE BETWEEN 1.8 and 2.7 – Good chance of the company going bankrupt within 2 years.

Yellow

Z-SCORE BELOW 1.80- Probability of Financial Catastrophe is Very High.

Red