



Best Buy Co. Inc. (BBY)

Updated December 2nd, 2025 by Prakash Kolli

Key Metrics

Current Price:	\$77	5 Year CAGR Estimate:	6.5%	Market Cap:	\$16.23B
Fair Value Price:	\$69	5 Year Growth Estimate:	4.0%	Dividend Date:	12/16/25
Fair Value:	111%	5 Year Valuation Multiple Estimate:	-2.1%	Dividend Payment Date:	01/06/26
Dividend Yield:	4.9%	5 Year Price Target	\$84	Years Of Dividend Growth:	22
Dividend Risk Score:	C	Sector:	Consumer Discretionary	Rating:	Hold

Overview & Current Events

Best Buy Co. Inc. is one of the largest consumer electronics retailers in North America with operations in the U.S. and Canada. Best Buy sells consumer electronics, personal computers, software, mobile devices, and appliances, and provides services. At the end of Q3 FY2026, Best Buy operated 886 Best Buy stores and 18 Best Buy Outlet Centers in the U.S., 20 Pacific Sales Stores, 2 Yardbird Stores, 129 Best Buy stores in Canada, and 28 Best Buy Mobile Stand-Alone Stores in Canada. Best Buy exited its Mexico operations in fiscal 2021. The company continues to reduce its total store count, a long-term trend. The company's annual sales exceeded \$13.5B in fiscal 2025.

Best Buy reported Q3 FY2026 results on November 25th, 2025. Enterprise revenue increased to \$9,672M from \$9,445M, and non-GAAP diluted earnings per share ("EPS") increased to \$1.40 from \$1.26 on a year-over-year basis. GAAP diluted EPS declined to \$0.66 from \$1.26. Comparable enterprise revenue increased 2.7%.

Domestic revenue gained 2.1% to \$8,878M from \$8,697M on higher comparable sales in computing, gaming, and mobile phones. Sales were lower for 3 out of 5 categories: Computing and Mobile Phones (+7.6%), Consumer Electronics (-2.9%), Appliances (-8.4%), Entertainment (+14.0%), and Services (-1.0%). Comparable domestic online sales increased +3.5% to \$2.82B compared to the prior year. Domestic online sales comprised about 31.8% of total domestic revenue.

International segment revenue grew 6.1% to \$794M from \$748M year-over-year, driven by a 6.4% comparable sales increase in Canada. Sales were higher in 4 out of 5 categories: Computing and Mobile Phones (+9.2%), Consumer Electronics (+3.6%), Appliances (-4.1%), Entertainment (+11.3%), and Services (+3.9%).

Best Buy raised FY 2026 guidance to revenue of \$41.65B to \$41.95B and non-GAAP diluted EPS at \$6.25 to \$6.35.

Growth on a Per-Share Basis

Year ¹	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS²	\$2.78	\$3.56	\$4.42	\$5.32	\$6.07	\$7.91	\$10.01	\$7.08	\$6.37	\$6.37	\$6.30	\$7.66
DPS	\$0.92	\$1.12	\$1.36	\$1.80	\$2.00	\$2.20	\$2.80	\$3.52	\$3.68	\$3.76	\$3.80	\$4.62
Shares³	324	311	283	266	256	257	227	218	217	215	211	191

Best Buy's non-GAAP EPS growth climbed in the past decade until 2022. The company's efforts to prioritize online sales growth, optimize store count, and extract cost efficiencies led to organic sales growth and higher earnings, accelerated by the COVID-19 pandemic. However, as the pandemic waned, sales and EPS declined as consumers returned to more normal buying habits, federal stimulus dollars expired, and margins were pressured by inflation and supply chain disruptions. We expect tariffs to affect the demand and sales of electronics and appliances. The company has been trying to add incremental revenue by offering Health Services remote monitoring and by expanding the Yardbird footprint. However, it recently took impairment charges on its Health Service business and closed most Yardbird stores.

We are forecasting, on average, 4% EPS and dividend per share growth out to fiscal 2031, though it will be uneven.

¹ Best Buy's fiscal year ends at the beginning of February and the company reports one year ahead. All tables are in fiscal year.

² Diluted non-GAAP EPS including restructuring charges, intangible asset amortization, and acquisition-related transaction costs.

³ Share count in millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
P/E	12.5	10.1	12.7	13.3	11.9	11.3	8.2	11.6	12.5	12.4	12.3	11.0
Yld.	2.7%	3.1%	2.4%	2.6%	2.8%	2.5%	3.4%	4.5%	4.7%	4.8%	4.9%	5.5%

Best Buy's stock price is up since our last report on beating estimates and raising guidance. Comparable sales were positive, but tariffs are of great concern because most electronic goods are made overseas. We increased our FY 2026 earnings estimate to the mid-point of updated guidance. Our fair value estimate is 11X, slightly lower than the trailing 5-year average. Our fair value is now \$69. Our 5-year price target is now \$84.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	33%	31%	31%	34%	33%	28%	28%	50%	58%	59%	60%	60%

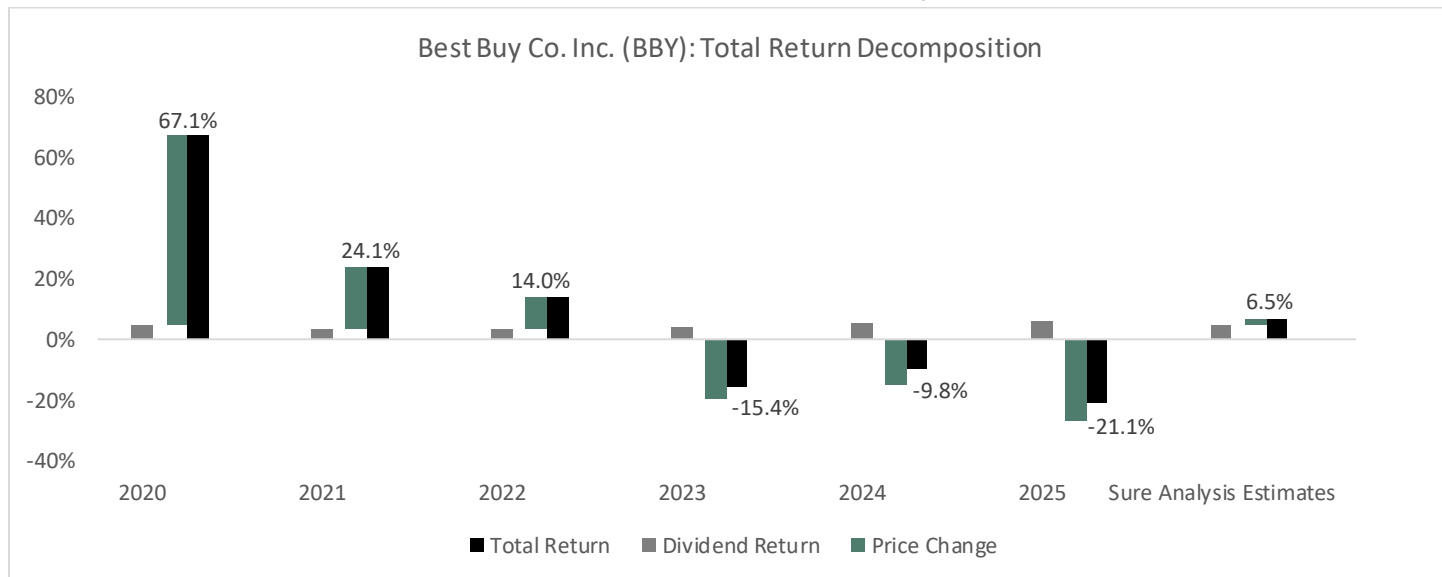
Although Best Buy is one of the largest electronics retailers by revenue, it has no significant advantage. Both Walmart and Costco sell electronics and have scale and cost advantages. Best Buy is also not the clear market leader for online electronics retailing. However, Best Buy's Geek Squad and My Best Buy services offer advantages over traditional retailers, providing a level of expertise and service not typically found elsewhere. Also, the firm has about eight million paid membership customers, providing another advantage for installation and services.

Best Buy has a solid balance sheet with no short-term debt, \$10M in current long-term debt, and \$1,155M in long-term debt that is offset by \$923M in cash, equivalents, and short-term investments. The leverage ratio is 0.88X.

Final Thoughts & Recommendation

At present, we forecast a 6.5% annualized total return over the next five years, driven by a 4.9% dividend yield, 4% EPS growth, and a -2.1% contraction in the P/E multiple. Best Buy's comparable sales have been negative for 12 of the last 15 quarters. The firm is leveraging its store base for online order fulfillment and offering services. However, tariffs and inflation remain a downside risk. The dividend yield may interest those seeking income, but we now expect slower dividend growth due to the higher payout ratio. We have maintained our hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	39528	39403	42151	42879	43638	47262	51761	46298	43452	41528
Gross Profit	9191	9440	9876	9961	10048	10573	11640	9912	9603	9385
Gross Margin	23.3%	24.0%	23.4%	23.2%	23.0%	22.4%	22.5%	21.4%	22.1%	22.6%
SG&A Exp.	7618	7547	8023	8015	7998	7928	8635	7970	7876	7651
D&A Exp.	657	654	683	770	812	839	869	918	923	866
Operating Profit	1573	1893	1853	1946	2050	2645	3005	1942	1727	1734
Op. Margin	4.0%	4.8%	4.4%	4.5%	4.7%	5.6%	5.8%	4.2%	4.0%	4.2%
Net Profit	897	1228	1000	1464	1541	1798	2454	1419	1241	927
Net Margin	2.3%	3.1%	2.4%	3.4%	3.5%	3.8%	4.7%	3.1%	2.9%	2.2%
Free Cash Flow	694	1977	1453	1589	1822	4214	2515	894	675	1392
Income Tax	503	609	818	424	452	579	574	370	381	372

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	13519	13856	13049	12901	15591	19067	17504	15803	14967	14782
Cash & Equivalents	1976	2240	1101	1980	2229	5494	2936	1874	1447	1578
Acc. Receivable	1162	1347	1049	1015	1149	1061	1042	1141	939	1044
Inventories	5051	4864	5209	5409	5174	5612	5965	5140	4958	5085
Goodwill & Int.	443	443	443	915	984	986	1659	1383	1383	908
Total Liabilities	9141	9147	9437	9595	12112	14480	14484	13008	11914	11974
Accounts Payable	4450	4984	4873	5257	5288	6979	6803	5687	4637	4980
Long-Term Debt	1734	1365	1355	1388	1271	1377	1139	1176	1152	1154
Total Equity	4378	4709	3612	3306	3479	4587	3020	2795	3053	2808
D/E Ratio	0.40	0.29	0.38	0.42	0.37	0.30	0.38	0.42	0.38	0.41

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	6.2%	9.0%	7.4%	11.3%	10.8%	10.4%	13.4%	8.5%	8.1%	6.2%
Return on Equity	19.1%	27.0%	24.0%	42.3%	45.4%	44.6%	64.5%	48.8%	42.4%	31.6%
ROIC	14.1%	20.2%	18.1%	30.3%	32.6%	33.6%	49.1%	34.9%	30.4%	22.7%
Shares Out.	351	323	307	281	258	255	249	226	219	217
Revenue/Share	112.71	122.14	137.26	152.38	162.77	179.70	207.63	205.13	198.87	191.73
FCF/Share	1.98	6.13	4.73	5.65	6.80	16.02	10.09	3.96	3.09	6.43

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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