



# Albertsons Companies (ACI)

Updated January 12<sup>th</sup>, 2026, by Kody Kester

## Key Metrics

<b>Current Price:</b>	\$17.11	<b>5 Year CAGR Estimate:</b>	13.2%	<b>Market Cap:</b>	\$9.4B
<b>Fair Value Price:</b>	\$18.15	<b>5 Year Growth Estimate:</b>	9.0%	<b>Ex-Dividend Date:</b>	01/23/26
<b>% Fair Value:</b>	94%	<b>5 Year Valuation Multiple Estimate:</b>	1.2%	<b>Dividend Payment Date:</b>	02/06/26
<b>Dividend Yield:</b>	3.5%	<b>5 Year Price Target</b>	\$27.94	<b>Years Of Dividend Growth:</b>	2
<b>Dividend Risk Score:</b>	B	<b>Sector:</b>	Consumer Staples	<b>Rating:</b>	Buy

## Overview & Current Events

Albertsons (ACI) is one of the largest food and drug retailers in the United States. With more than \$80 billion in annual sales, a market cap over \$9 billion, and a history dating back to the 1860s, the company went public in 2020 and has paid a quarterly dividend ever since.

Kroger and Albertsons had been planning to merge. However, a court sided with antitrust regulators and blocked the deal. As a result of this ruling, Kroger withdrew from the agreement, and ACI has subsequently sued Kroger seeking damages as well as a \$600 million termination fee. The company alleges that Kroger failed to pay the \$600 million termination fee as required by the merger agreement. ACI also argues that the latter deliberately mishandled the antitrust concerns from regulators to torpedo the deal, following the impact that changing interest rates had on asset valuations.

On January 7<sup>th</sup>, ACI released its earnings report for the fiscal third quarter 2025 ended November 29<sup>th</sup>, 2025. The company's net sales increased by 1.9% year-over-year to \$19.1 billion in the quarter. Adjusting for fuel sales and the negative impact stemming from the temporary government shutdown, ACI's identical sales were up 2.4% during the quarter. ACI's topline growth was once again fueled by increased digital engagement through its "Customers for Life" strategy and growth in loyalty members for the quarter. Digital sales surged 21%, and loyalty members grew by 12% to 49.8 million in the quarter. Diluted EPS dropped by 20.3% over the year-ago period to \$0.55 during the quarter. This was because of a \$0.14 per share benefit related to the settlement of state income tax audits in Q3 2024. The \$0.55 earnings figure was \$0.04 shy of the analyst consensus for the quarter.

## Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
<b>EPS</b>	-	-	-	-	\$0.80	\$1.47	\$2.70	\$2.27	\$2.23	\$1.64	<b>\$1.65</b>	<b>\$2.54</b>
<b>DPS</b>	-	-	-	-	-	\$0.20	\$0.44	\$0.48	\$0.48	\$0.51	<b>\$0.60</b>	<b>\$0.92</b>
<b>Shares<sup>1</sup></b>	-	-	-	-	580.3	578.1	475.3	534.0	581.1	583.8	<b>549.4</b>	<b>448.0</b>

ACI has a limited history as a public company. This is why we still think that the only way that future growth can be gauged is based on the industry in which it operates, food and drug retail. We would argue that the industry is mature and stable, so topline growth is likely to be limited. Looking ahead, ACI believes that it can drive 2%+ annual identical sales growth (excluding fuel sales) with its investments in growing the loyalty program and expanding its digital sales mix. As these investments begin to yield results, the company could see incremental margin expansion. That's how ACI believes its adjusted EBITDA will rise at a rate faster than identical sales.

What's more, the company has a multi-year share repurchase program of up to \$2.75 billion of its common stock in place (nearly 30% of its current market cap). This is why we think it can retire about 4% of its shares each fiscal year for the foreseeable future. That could drive high-single-digit annual diluted EPS growth over our forecast period.

<sup>1</sup> Share count is in millions.



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## Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Avg. P/E	-	-	-	-	-	9.9	10.8	8.8	9.1	12.8	<b>10.4</b>	<b>11.0</b>
Avg. Yld.	-	-	-	-	-	1.2%	1.5%	2.4%	2.4%	2.4%	<b>3.5%</b>	<b>3.3%</b>

Since its IPO in 2020, ACI's P/E ratio has largely held in a high-single-digit to low-double-digit range. Over this time, the P/E ratio has been slightly higher than 10. In the years ahead, we still believe that the company's efforts to improve engagement with its loyalty program and investments in its digital sales platform could warrant a marginally higher valuation multiple. That's why we think that a P/E ratio of 11 represents fair value. From the current multiple of 10.4, ACI's shares are modestly discounted.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	-	-	-	-	-	14%	16%	21%	22%	31%	<b>36%</b>	<b>36%</b>

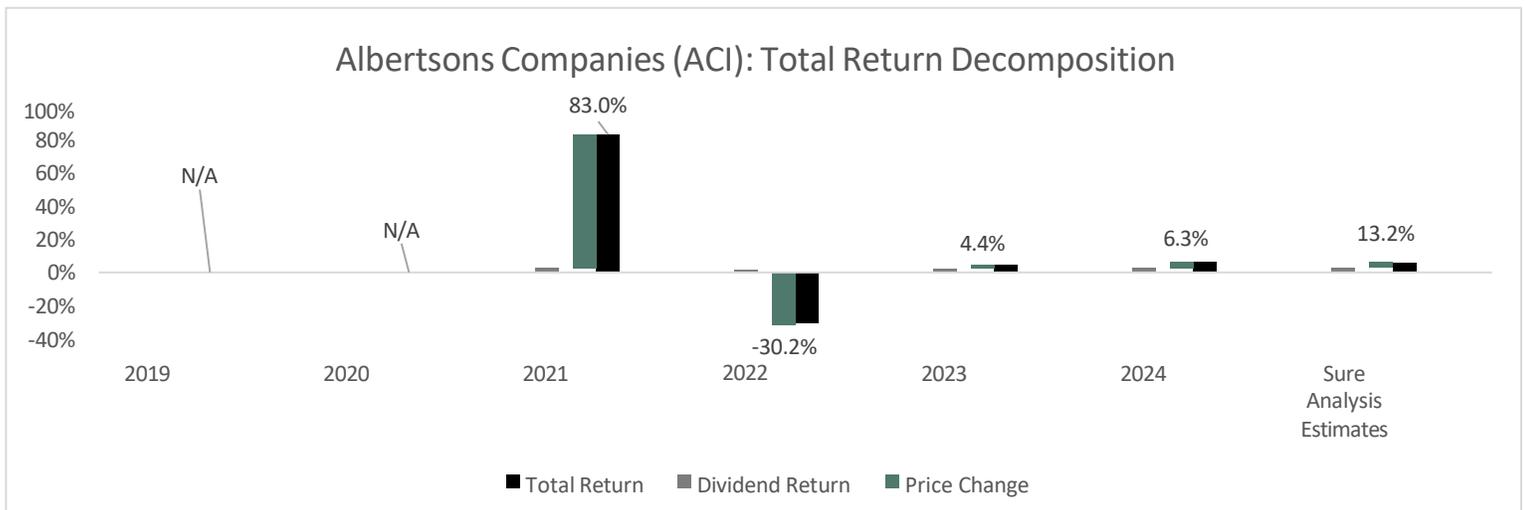
ACI operates a low-margin business in an intensely competitive industry. By that, we mean relative to its larger peers like Walmart and Target. These peers have more size and scale, but ACI is big enough that it can compete with them. However, the company doesn't have any factors that differentiate it enough from the competition to argue that it has notable competitive advantages.

Financially, ACI's credit rating from S&P is one notch below investment grade, at BB+. The company's interest coverage ratio was 3.4x through the first three quarters of the current fiscal year. That's not especially high, but it's enough given the stable nature of the industry in which ACI operates for it to service the interest on its debt. ACI's dividend is well-covered, with the payout ratio expected to be in the mid 30% range for FY 2025. This is why we think there is room for the company's dividend to grow at least as fast as diluted EPS for the foreseeable future.

## Final Thoughts & Recommendation

ACI's 3.5% yield, 9.0% annual diluted EPS growth potential, and 1.2% annual valuation multiple expansion could translate into 13.2% annual total returns over the medium term. As a result, we're maintaining our Buy rating.

## Total Return Breakdown by Year





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## Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Revenue</b>	58,734	59,678	59,925	60,535	62,455	69,690	71,887	77,650	79,240	80,391
<b>Gross Profit</b>	16,062	16,641	16,361	16,895	17,594	20,415	20,722	21,756	22,050	22,256
<b>Gross Margin</b>	27.3%	27.9%	27.3%	27.9%	28.2%	29.3%	28.8%	28.0%	27.8%	27.7%
<b>SG&amp;A Exp.</b>	15,660	16,033	16,209	16,272	16,642	18,836	18,301	19,596	19,930	20,614
<b>D&amp;A Exp.</b>	1,614	1,805	1,898	1,739	2,262	2,118	2,305	2,460	2,444	2,499
<b>Operating Profit</b>	402	608	152	622	952	1,579	2,422	2,160	2,113	1,642
<b>Op. Margin</b>	0.7%	1.0%	0.3%	1.0%	1.5%	2.3%	3.4%	2.8%	2.7%	2.0%
<b>Net Profit</b>	(502)	(373)	46	131	466	850	1,620	1,514	1,296	959
<b>Net Margin</b>	-0.9%	-0.6%	0.1%	0.2%	0.7%	1.2%	2.3%	1.9%	1.6%	1.2%
<b>Free Cash Flow</b>	(58)	399	(528)	325	429	2,272	1,907	700	628	749
<b>Income Tax</b>	(40)	(90)	(964)	(79)	133	279	480	422	293	171

## Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Total Assets</b>	23,770	23,755	21,812	20,777	24,735	26,598	28,123	26,168	26,220	26,756
<b>Cash &amp; Equivalents</b>	580	1,219	670	926	471	1,717	2,902	456	189	294
<b>Acc. Receivable</b>	---	---	615	586	525	551	561	688	724	835
<b>Inventories</b>	4,422	4,464	4,421	4,333	4,353	4,301	4,501	4,782	4,945	4,989
<b>Goodwill &amp; Int.</b>	5,014	4,666	4,326	4,018	3,271	3,292	3,486	3,666	3,636	3,519
<b>Total Liabilities</b>	22,157	22,384	20,414	19,326	22,457	25,274	25,098	24,558	23,470	23,370
<b>Accounts Payable</b>	2,780	3,035	2,833	2,919	2,891	3,487	4,237	4,173	4,218	4,093
<b>Long-Term Debt</b>	12,226	12,338	11,876	10,586	8,048	7,701	7,386	8,910	7,608	7,392
<b>Total Equity</b>	1,613	1,371	1,398	1,451	2,278	1,324	3,025	1,611	2,748	3,386
<b>LTD/E Ratio</b>	7.58	9.00	8.49	7.30	3.53	5.82	2.44	5.53	2.77	2.18

## Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Return on Assets</b>	-2.0%	-1.6%	0.2%	0.6%	2.0%	3.3%	5.9%	5.6%	4.9%	3.6%
<b>Return on Equity</b>	-26.6%	-25.0%	3.3%	9.2%	25.0%	47.2%	74.5%	65.3%	58.9%	31.3%
<b>ROIC</b>	-3.5%	-2.7%	0.3%	1.0%	4.2%	8.8%	16.7%	14.5%	12.7%	5.8%
<b>Shares Out.</b>	--	--	--	575	579	465	470	534	581	580
<b>Revenue/Share</b>	100.62	102.24	102.66	104.24	107.63	120.55	151.25	145.41	136.36	138.61
<b>FCF/Share</b>	(0.10)	0.68	(0.90)	0.56	0.74	3.93	4.01	1.31	1.08	1.29

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

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