Best Buy Co. Inc. (BBY)

Updated March 5th, 2026 by Prakash Kolli

Key Metrics

Current Price:	$67	**5 Year CAGR Estimate:**	9.9%	**Market Cap:**	$14.12B
Fair Value Price:	$71	**5 Year Growth Estimate:**	4.0%	**Dividend Date:**	03/24/26
Fair Value:	95%	**5 Year Valuation Multiple Estimate:**	1.0%	**Dividend Payment Date:**	04/14/26
Dividend Yield:	5.7%	**5 Year Price Target**	$86	**Years Of Dividend Growth:**	23
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, 1320 Best Buy stores in Canada, and 12 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 $41.5B in fiscal 2026.

Best Buy reported Q4 FY2026 results on March 3rd, 2026. Enterprise revenue decreased to $13,814M from $13,948M, and non-GAAP diluted earnings per share ("EPS") increased to $2.61 from $2.58 on a year-over-year basis. GAAP diluted EPS climbed to $2.56 from $0.54. Comparable enterprise revenue decreased 0.8%.

Domestic revenue fell 1.1% to $12,575M from $12,715M due to soft home theater and appliance sales. Sales were lower for 3 out of 5 categories: Computing and Mobile Phones (+5.4%), Consumer Electronics (-7.3%), Appliances (-10.5%), Entertainment (-0.3%), and Services (+4.6%). Comparable domestic online sales decreased -2.3% to $4.91B compared to the prior year. Domestic online sales comprised about 39.0% of total domestic revenue.

International segment revenue grew 0.5% to $1,239M from $1,233M year-over-year, driven by a 1.3% comparable sales decrease in Canada, offset by a new store opening. Sales were lower in 3 out of 5 categories: Computing and Mobile Phones (+2.6%), Consumer Electronics (-2.1%), Appliances (-6.8%), Entertainment (-14.8%), and Services (+9.8%).

Best Buy set FY 2027 guidance to revenue of $41.2B to $42.1B and non-GAAP diluted EPS at $6.30 to $6.60.

Growth on a Per-Share Basis

Year[1]	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2032
EPS[2]	$3.56	$4.42	$5.32	$6.07	$7.91	$10.01	$7.08	$6.37	$6.37	$6.43	***$6.45***	***$7.85***
DPS	$1.12	$1.36	$1.80	$2.00	$2.20	$2.80	$3.52	$3.68	$3.76	$3.80	***$3.84***	***$4.67***
Shares[3]	311	283	266	256	257	227	218	215	217	212	***208***	***188***

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 scaled back its Health Service effort and took impairment charges and closed most Yardbird stores. It is now focused on growing its U.S. digital marketplace and Best Buy Ads.

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

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[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.

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Valuation Analysis

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Now	2032
P/E	10.1	12.7	13.3	11.9	11.3	8.2	11.6	10.6	12.5	10.5	***10.4***	***11.0***
Yld.	3.1%	2.4%	2.6%	2.8%	2.5%	3.4%	4.5%	4.7%	4.8%	4.8%	***5.7%***	***5.4%***

Best Buy's stock price is down since our last report, despite beating estimates. Comparable sales turned negative and tariffs are of great concern because most electronic goods are made overseas. We set our FY 2027 earnings estimate at the mid-point of guidance. Our fair value estimate is 11X, slightly lower than the trailing 10-year average. Our fair value price is now $71. Our 5-year price target is now $86.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2032
Payout	31%	31%	34%	33%	28%	28%	50%	58%	59%	59%	***60%***	***60%***

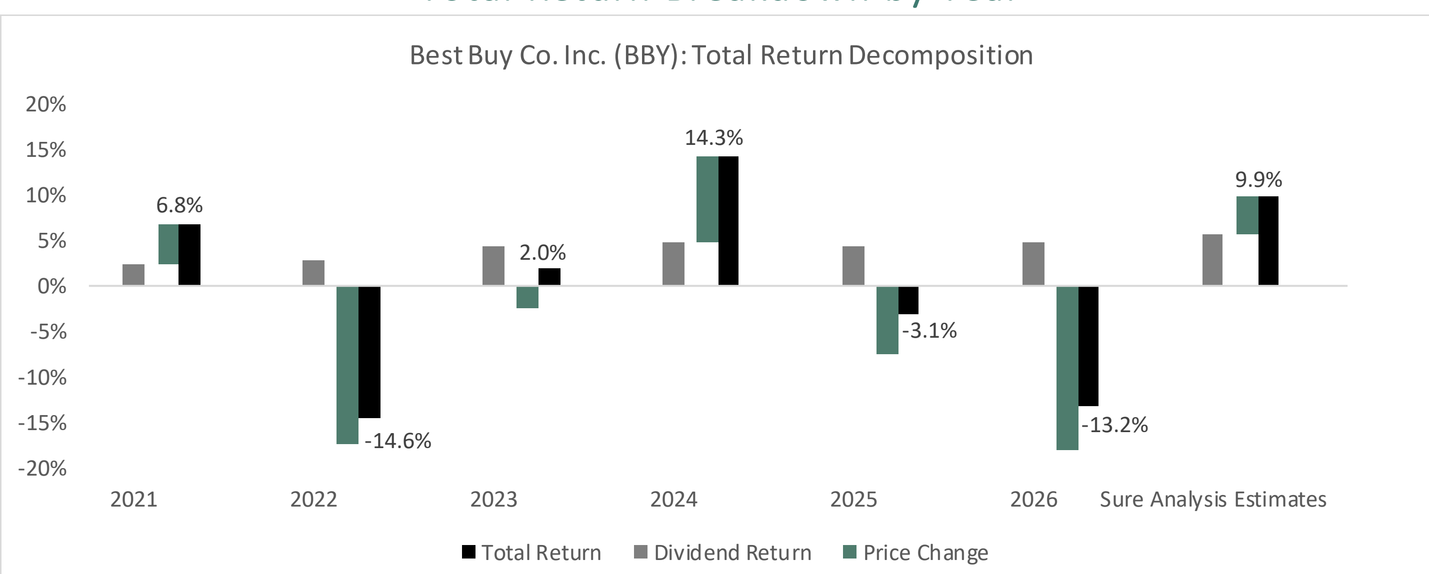
Although Best Buy is one of the largest electronics retailers by revenue, it has no significant advantage. Both Walmart and Costco sell electronics and have scale and cost advantages. Best Buy is also not the clear market leader for online electronics retailing. However, Best Buy's Geek Squad and My 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, $11M in current long-term debt, and $1,165M in long-term debt that is offset by $1,738M in cash, equivalents, and short-term investments. The leverage ratio is 0.66X.

Final Thoughts & Recommendation

At present, we forecast a 9.9% annualized total return over the next five years, driven by a 5.7% dividend yield, 4% EPS growth, and a 1.0% expansion in the P/E multiple. Best Buy's comparable sales have been negative for 14 of the last 16 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



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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Income Statement Metrics

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Revenue	39403	42151	42879	43638	47262	51761	46298	43452	41528	41691
Gross Profit	9440	9876	9961	10048	10573	11640	9912	9603	9385	9359
Gross Margin	24.0%	23.4%	23.2%	23.0%	22.4%	22.5%	21.4%	22.1%	22.6%	22.4%
SG&A Exp.	7547	8023	8015	7998	7928	8635	7970	7876	7651	---
D&A Exp.	654	683	770	812	839	869	918	923	866	831
Operating Profit	1893	1853	1946	2050	2645	3005	1942	1727	1734	1771
Op. Margin	4.8%	4.4%	4.5%	4.7%	5.6%	5.8%	4.2%	4.0%	4.2%	4.2%
Net Profit	1228	1000	1464	1541	1798	2454	1419	1241	927	1069
Net Margin	3.1%	2.4%	3.4%	3.5%	3.8%	4.7%	3.1%	2.9%	2.2%	2.6%
Free Cash Flow	1977	1453	1589	1822	4214	2515	894	675	1392	1258
Income Tax	609	818	424	452	579	574	370	381	372	337

Balance Sheet Metrics

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Total Assets	13856	13049	12901	15591	19067	17504	15803	14967	14782	14670
Cash & Equivalents	2240	1101	1980	2229	5494	2936	1874	1447	1578	1738
Acc. Receivable	1347	1049	1015	1149	1061	1042	1141	939	1044	1043
Inventories	4864	5209	5409	5174	5612	5965	5140	4958	5085	5230
Goodwill & Int.	443	443	915	984	986	1659	1383	1383	908	790
Total Liabilities	9147	9437	9595	12112	14480	14484	13008	11914	11974	11706
Accounts Payable	4984	4873	5257	5288	6979	6803	5687	4637	4980	4745
Long-Term Debt	1365	1355	1388	1271	1377	1139	1176	1152	1154	3510
Total Equity	4709	3612	3306	3479	4587	3020	2795	3053	2808	---
D/E Ratio	0.29	0.38	0.42	0.37	0.30	0.38	0.42	0.38	0.41	1.39

Profitability & Per Share Metrics

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Return on Assets	9.0%	7.4%	11.3%	10.8%	10.4%	13.4%	8.5%	8.1%	6.2%	7.3%
Return on Equity	27.0%	24.0%	42.3%	45.4%	44.6%	64.5%	48.8%	42.4%	31.6%	37.0%
ROIC	20.2%	18.1%	30.3%	32.6%	33.6%	49.1%	34.9%	30.4%	22.7%	15.3%
Shares Out.	323	307	281	258	255	249	226	219	217	212
Revenue/Share	122.14	137.26	152.38	162.77	179.70	207.63	205.13	198.87	191.73	196.56
FCF/Share	6.13	4.73	5.65	6.80	16.02	10.09	3.96	3.09	6.43	5.93

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