



# Albertsons Companies (ACI)

Updated April 18<sup>th</sup>, 2026, by Kody Kester

## Key Metrics

<b>Current Price:</b>	\$16.72	<b>5 Year CAGR Estimate:</b>	17.1%	<b>Market Cap:</b>	\$8.4B
<b>Fair Value Price:</b>	\$22.00	<b>5 Year Growth Estimate:</b>	8.0%	<b>Ex-Dividend Date:</b>	04/24/26
<b>% Fair Value:</b>	76%	<b>5 Year Valuation Multiple Estimate:</b>	5.6%	<b>Dividend Payment Date:</b>	05/08/26
<b>Dividend Yield:</b>	4.1%	<b>5 Year Price Target</b>	\$32.34	<b>Years Of Dividend Growth:</b>	3
<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 \$8 billion, and a history dating back to the 1860s (including subsidiary banners), 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, the agreement fell apart, and ACI has subsequently sued Kroger seeking damages (from the lost merger premium and damage done to its business during the two-year limbo period) 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 didn't provide a comprehensive divestiture plan to the FTC. In response, Kroger has countersued, claiming that ACI breached the agreement, forfeiting its \$600 million fee.

On April 14<sup>th</sup>, ACI shared its financial results for the fiscal fourth quarter 2025 ended February 28<sup>th</sup>, 2026. The company's net sales grew by 7.7% over the year-ago period to \$20.25 billion during the quarter. Factoring in fuel sales and an extra week in the quarter, identical sales edged 0.7% higher in the quarter. ACI's topline growth was made possible by improved digital engagement via its "Customers for Life" strategy and an uptick in loyalty members for the quarter. Digital sales rose by 16%, and loyalty members surged by 12% to 51.2 million during the quarter. Diluted EPS swung from \$0.29 in Q4 2024 to a loss per share of \$0.94 in the quarter. Due to the timing of a \$600 million opioid settlement, this widely missed the analyst consensus for diluted EPS of \$0.35 for the quarter. On the same day, the company also upped its quarterly dividend per share by 13.3% to \$0.17.

## Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
<b>EPS</b>	-	-	-	\$0.80	\$1.47	\$2.70	\$2.27	\$2.23	\$1.64	\$0.40	<b>\$2.00</b>	<b>\$2.94</b>
<b>DPS</b>	-	-	-	-	\$0.20	\$0.44	\$0.48	\$0.48	\$0.51	\$0.60	<b>\$0.68</b>	<b>\$1.10</b>
<b>Shares<sup>1</sup></b>	-	-	-	580.3	578.1	475.3	534.0	581.1	583.8	503.4	<b>503.4</b>	<b>405.0</b>

ACI has a limited history as a public company. This is why we continue to believe 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 forecasts 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 upped its remaining share repurchase program to \$2 billion (almost a quarter of the current market capitalization). 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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Avg. P/E	-	-	-	-	9.9	10.8	8.8	9.1	12.8	44.7	8.4	11.0
Avg. Yld.	-	-	-	-	1.2%	1.5%	2.4%	2.4%	2.4%	3.4%	4.1%	3.4%

Since its IPO in 2020, ACI's P/E ratio has largely held in a high-single-digit to low-double-digit range (besides diluted EPS being skewed by the settlement in FY 2025). 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 approximates fair value. From the current multiple of 8.4, ACI's shares are slightly undervalued.

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

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	-	-	-	-	14%	16%	21%	22%	31%	150%	34%	37%

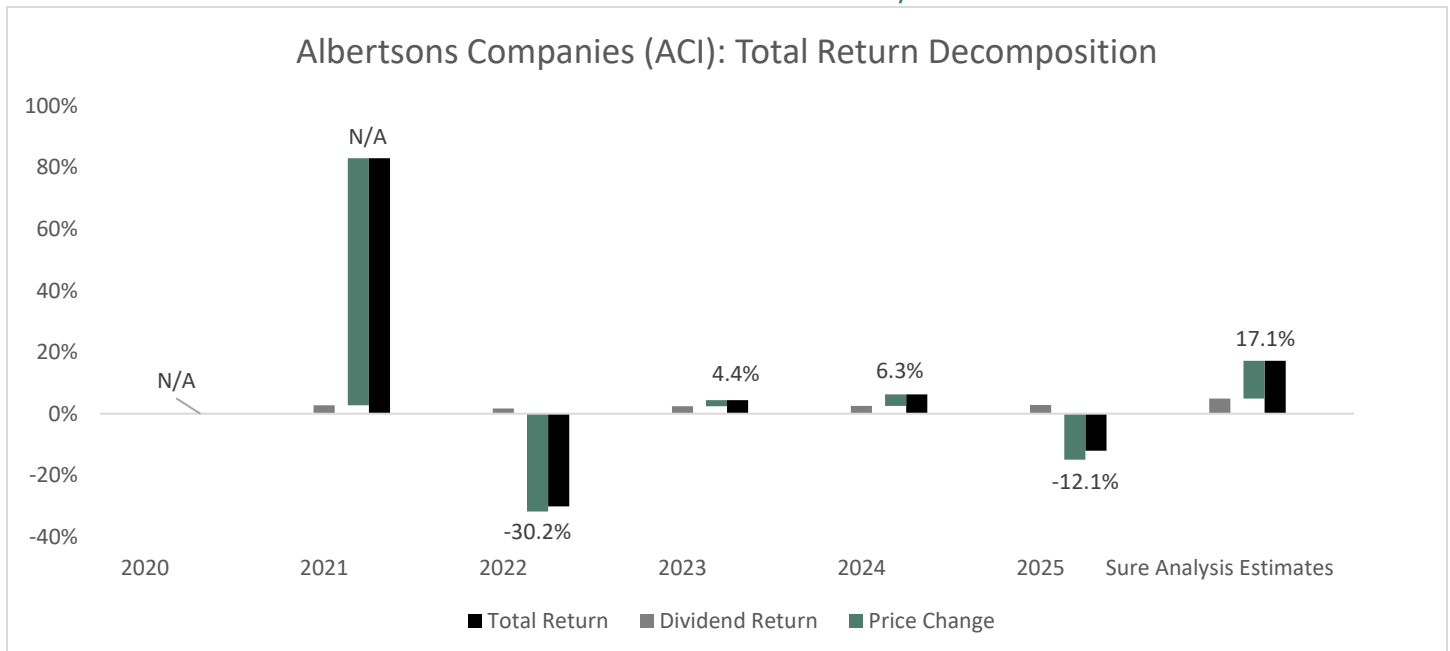
ACI operates a low-margin business in an intensely competitive industry. By that, we mean relative to its larger peers like Walmart and Target. These peers have more size and scale, but ACI is big enough that it can compete with them. However, the company doesn't have any factors that differentiate it 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 dividend is well-covered, with the payout ratio expected to be in the mid 30% range for FY 2026. This is why we think there is room for the company's dividend to outpace diluted EPS growth (especially considering that the free cash flow payout ratio was still well-covered in FY 2025, even with the settlement).

## Final Thoughts & Recommendation

ACI's 4.1% yield, 8.0% annual diluted EPS growth potential, and 5.6% annual valuation multiple expansion could translate into 17.1% annual total returns over the medium term. Consequently, we're reiterating our Buy 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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Revenue</b>	59,678	59,925	60,535	62,455	69,690	71,887	77,650	79,238	80,391	83,173
<b>Gross Profit</b>	16,641	16,361	16,895	17,594	19,048	19,186	20,106	20,434	20,620	20,896
<b>Gross Margin</b>	27.9%	27.3%	27.9%	28.2%	27.3%	26.7%	25.9%	25.8%	25.6%	25.1%
<b>SG&amp;A Exp.</b>	16,000	16,275	16,107	16,642	18,836	18,301	19,596	19,933	20,614	21,891
<b>D&amp;A Exp.</b>	1,805	1,898	1,739	2,262	2,118	2,305	2,460	2,444	2,499	2,641
<b>Operating Profit</b>	680	197	845	1,013	1,711	2,526	2,286	2,329	2,009	715
<b>Op. Margin</b>	1.1%	0.3%	1.4%	1.6%	2.5%	3.5%	2.9%	2.9%	2.5%	0.9%
<b>Net Profit</b>	(373)	46	131	466	850	1,620	1,514	1,296	959	217
<b>Net Margin</b>	-0.6%	0.1%	0.2%	0.7%	1.2%	2.3%	1.9%	1.6%	1.2%	0.3%
<b>Free Cash Flow</b>	399	(528)	325	429	2,272	1,907	700	628	749	527
<b>Income Tax</b>	(90)	(964)	(79)	133	279	480	422	293	171	50

## Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Total Assets</b>	23,755	22,543	21,515	27,265	29,386	30,770	28,754	28,795	29,308	26,766
<b>Cash &amp; Equivalents</b>	1,241	705	991	492	1,780	2,967	477	212	339	199
<b>Acc. Receivable</b>	631	615	586	503	526	540	666	703	816	933
<b>Inventories</b>	4,464	4,421	4,333	4,353	4,301	4,501	4,782	4,945	4,989	5,174
<b>Goodwill &amp; Int.</b>	4,666	4,326	4,018	3,271	3,292	3,486	3,666	3,636	3,519	3,357
<b>Total Liabilities</b>	22,384	21,145	20,064	24,987	28,062	27,746	27,143	26,047	25,922	24,930
<b>Accounts Payable</b>	3,035	2,833	2,919	2,891	3,487	4,237	4,173	4,218	4,093	4,021
<b>Long-Term Debt</b>	12,338	11,876	10,586	14,118	15,461	14,664	14,342	13,562	13,477	14,560
<b>Total Equity</b>	1,371	1,398	1,451	2,278	1,324	3,025	1,611	2,747	3,386	
<b>LTD/E Ratio</b>	9.00	8.49	7.30	6.44	12.13	5.06	9.32	5.18	4.19	8.33

## Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Return on Assets</b>	-1.6%	0.2%	0.6%	1.9%	3.0%	5.4%	5.1%	4.5%	3.3%	0.8%
<b>Return on Equity</b>	-25.0%	3.3%	9.2%	25.0%	47.2%	74.5%	65.3%	59.5%	31.3%	8.3%
<b>ROIC</b>	-2.7%	0.3%	1.0%	3.2%	5.0%	9.1%	8.7%	7.7%	5.5%	1.3%
<b>Shares Out.</b>	-	-	-	580.3	578.1	475.3	534.0	581.1	583.8	503.4
<b>Revenue/Share</b>	124.58	125.10	126.37	130.38	149.69	151.25	145.41	136.36	137.70	152.00
<b>FCF/Share</b>	0.83	(1.10)	0.68	0.90	4.88	4.01	1.31	1.08	1.28	0.96

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

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