Best Buy Co. Inc. (BBY)

Updated June 1st, 2026 by Prakash Kolli

Key Metrics

Current Price:	$78	**5 Year CAGR Estimate:**	7.0%	**Market Cap:**	$16.42B
Fair Value Price:	$72	**5 Year Growth Estimate:**	4.0%	**Dividend Date:**	06/18/26
Fair Value:	108%	**5 Year Valuation Multiple Estimate:**	-1.6%	**Dividend Payment Date:**	07/09/26
Dividend Yield:	4.9%	**5 Year Price Target**	$88	**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 Q1 FY2027, Best Buy operated 884 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 12 Best Buy Mobile Stand-Alone Stores in Canada. Best Buy shuttered 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 Q1 FY2027 results on May 28th, 2026. Enterprise revenue increased to $8,936M from $8,767M, and non-GAAP diluted earnings per share ("EPS") increased to $1.28 from $1.15 on a year-over-year basis. GAAP diluted EPS climbed to $1.31 from $0.95. Comparable enterprise revenue increased 2.0% on positive comps in most categories.

Domestic revenue grew 1.5% to $8,249M from $8,127M due to strong entertainment sales, offset by soft appliance sales. Sales were higher 3 out of 5 categories: Computing and Mobile Phones (+4.2%), Consumer Electronics (-2.7%), Appliances (-13.6%), Entertainment (+38.1%), and Services (+5.5%). Comparable domestic online sales increased +1.4% to $2.62B compared to the prior year. Domestic online sales comprised about 31.7% of total domestic revenue.

International segment revenue grew 7.3% to $687M from $640M year-over-year, driven by a 4.7% comparable sales increase in Canada and favorable foreign exchange rates. Sales were higher in 4 out of 5 categories: Computing and Mobile Phones (+6.4%), Consumer Electronics (+2.0%), Appliances (-8.3%), Entertainment (-19.2%), and Services (+2.5%).

The firm recategorized credit card and digital content revenue to the Services category starting in Q1 FY 2027.

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	***$6.54***	***$7.96***
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 Best Buy Ads and Marketplace.

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.
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	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	***11.9***	***11.0***
Yld.	3.1%	2.4%	2.6%	2.8%	2.5%	3.4%	4.5%	4.7%	4.8%	4.8%	***4.9%***	***5.3%***

Best Buy's stock price is up since our last report after beating estimates. Comparable sales turned positive and tariffs have stabilized at a lower value than expected. We raised our FY 2027 earnings estimate to match analyst consensus. Our fair value estimate is 11X, slightly lower than the trailing 10-year average. Our fair value price is now $72. Our 5-year price target is now $88.

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%	***59%***	***59%***

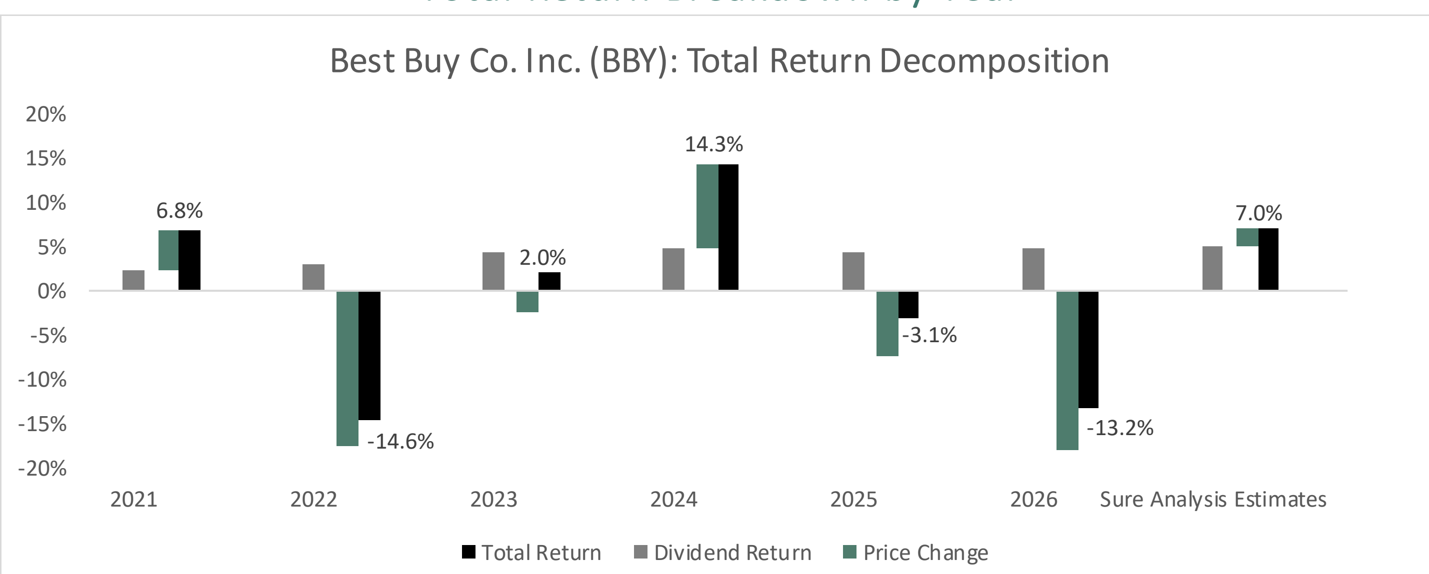
Although Best Buy is one of the largest electronics retailers by revenue, it has no significant advantage. Both Walmart and Costco sell electronics and have scale and cost advantages. Best Buy is also not the clear market leader for online electronics retailing. However, Best Buy's Geek Squad and My 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 $1,158M in long-term debt that is offset by $1,748M in cash, equivalents, and short-term investments. The leverage ratio is 0.65X.

Final Thoughts & Recommendation

At present, we forecast a 7.0% annualized total return over the next five years, driven by a 4.9% dividend yield, 4% EPS growth, and a 1.6% contraction in the P/E multiple. Best Buy's comparable sales have been negative for 13 of the last 17 quarters and tariffs and inflation remain a downside risk. However, they have been positive in 3 of the last 5 quarters. The dividend yield is supported by a solid balance sheet and 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	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	7637
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	2964
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.