



Albertsons Companies (ACI)

Updated July 23rd, 2026, by Kody Kester

Key Metrics

Current Price:	\$11.25	5 Year CAGR Estimate:	19.7%	Market Cap:	\$5.6B
Fair Value Price:	\$18.00	5 Year Growth Estimate:	5.5%	Ex-Dividend Date:	07/24/26
% Fair Value:	63%	5 Year Valuation Multiple Estimate:	9.9%	Dividend Payment Date:	08/07/26
Dividend Yield:	6.0%	5 Year Price Target	\$23.50	Years Of Dividend Growth:	3
Dividend Risk Score:	C	Sector:	Consumer Staples	Rating:	Hold

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 of nearly \$6 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 Jul. 23, ACI released its earnings report for the fiscal first quarter 2026 ended Jun. 20, 2026. The company's net sales edged 0.2% higher year-over-year to \$24.94 billion in the quarter. Due to grocery unit softness and pharmacy IRA pricing changes, identical sales decreased by 0.8% over the year-ago period. ACI's digital sales rose by 13% during the quarter. Diluted EPS dropped by 58.5% year-over-year to \$0.17 for the quarter, which missed the analyst consensus by \$0.25. On an adjusted basis, EPS of \$0.42 missed the analyst consensus by \$0.13. Pressures on lower-income consumer cohorts led to softening unit volume trends. This was further exacerbated by IRA-driven price squeeze and an unfavorable mix shift in pharmacy sales, as well as step-up investments in promotion pricing. That led ACI to cut its adjusted diluted EPS guidance for FY 2026 from a midpoint of \$2.27 (\$2.22 to \$2.32) to \$1.80 (\$1.75 to \$1.85).

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	-	-	-	\$0.80	\$1.47	\$2.70	\$2.27	\$2.23	\$1.64	\$0.40	\$1.80	\$2.35
DPS	-	-	-	-	\$0.20	\$0.44	\$0.48	\$0.48	\$0.51	\$0.60	\$0.68	\$0.91
Shares¹	-	-	-	580.3	578.1	475.3	534.0	581.1	583.8	503.4	498.2	405.0

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. Beyond the near-term hit to profitability, we think that ACI's diluted EPS can compound by 5.5% annually through FY 2031, off an anticipated FY 2026 base of \$1.80. Structural realignments like ACI Edge should unlock \$200 million in annual run-rate savings. Along with a 4% annual decline in the share count from aggressive share repurchases, this is the path to achieving our revised growth forecasts.

¹ 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	6.3	10.0
Avg. Yld.	-	-	-	-	1.2%	1.5%	2.4%	2.4%	2.4%	3.4%	6.0%	3.9%

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. In the meantime, we're assigning a moderately lower valuation multiple until ACI can execute its turnaround. That's why we think that a P/E ratio of 10 approximates fair value. From the current multiple of 6.3, ACI's shares are meaningfully discounted.

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%	38%	39%

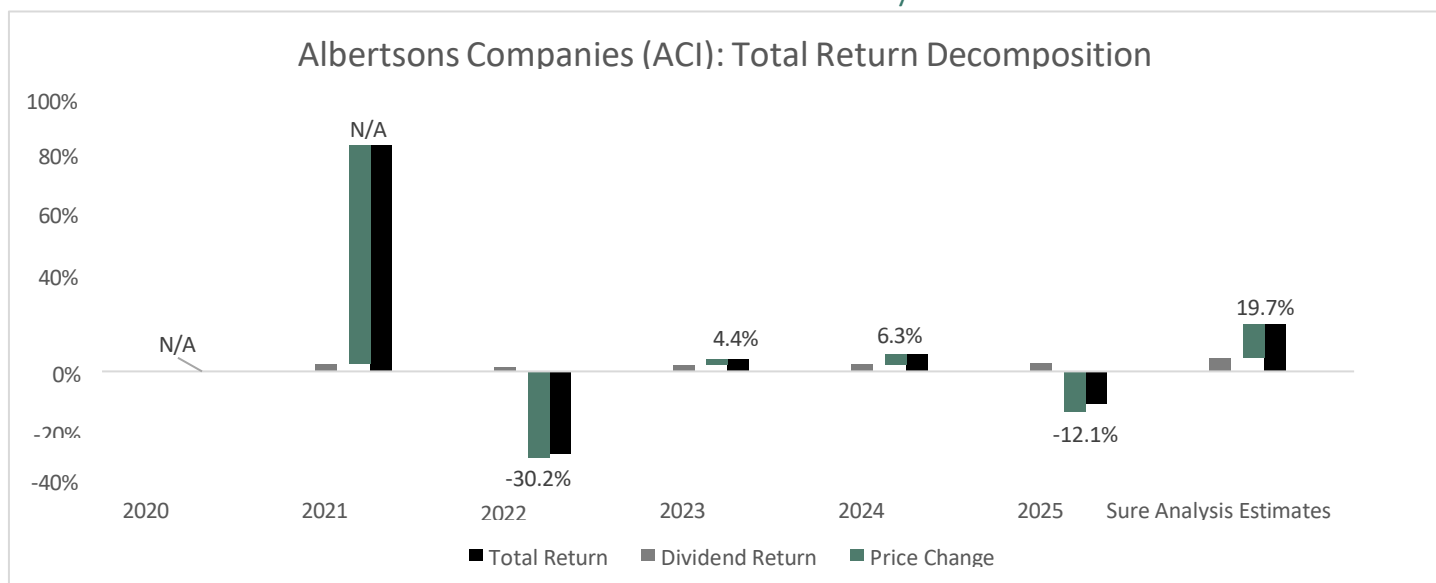
ACI operates a low-margin business in an intensely competitive industry. By that, we mean relative to its larger peers like Walmart and Target. These peers have more size and scale, but ACI is big enough that it can compete with them. However, the company doesn't have any factors that differentiate it 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 upper-30% range for FY 2026. This is why we think there is room for the company's dividend to slightly outpace diluted EPS growth.

Final Thoughts & Recommendation

ACI's 6.0% yield, 5.5% annual diluted EPS growth potential, and 9.9% annual valuation multiple expansion could translate into 19.7% annual total returns over the medium term. The deterioration in the Dividend Risk Score explains why we're downgrading shares from a Buy rating to a 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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	59,678	59,925	60,535	62,455	69,690	71,887	77,650	79,238	80,391	83,173
Gross Profit	16,641	16,361	16,895	17,594	19,048	19,186	20,106	20,434	20,620	20,896
Gross Margin	27.9%	27.3%	27.9%	28.2%	27.3%	26.7%	25.9%	25.8%	25.6%	25.1%
SG&A Exp.	16,000	16,275	16,107	16,642	18,836	18,301	19,596	19,933	20,614	21,891
D&A Exp.	1,805	1,898	1,739	2,262	2,118	2,305	2,460	2,444	2,499	2,641
Operating Profit	680	197	845	1,013	1,711	2,526	2,286	2,329	2,009	715
Op. Margin	1.1%	0.3%	1.4%	1.6%	2.5%	3.5%	2.9%	2.9%	2.5%	0.9%
Net Profit	(373)	46	131	466	850	1,620	1,514	1,296	959	217
Net Margin	-0.6%	0.1%	0.2%	0.7%	1.2%	2.3%	1.9%	1.6%	1.2%	0.3%
Free Cash Flow	399	(528)	325	429	2,272	1,907	700	628	749	527
Income Tax	(90)	(964)	(79)	133	279	480	422	293	171	50

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	23,755	22,543	21,515	27,265	29,386	30,770	28,754	28,795	29,308	26,766
Cash & Equivalents	1,241	705	991	492	1,780	2,967	477	212	339	199
Acc. Receivable	631	615	586	503	526	540	666	703	816	933
Inventories	4,464	4,421	4,333	4,353	4,301	4,501	4,782	4,945	4,989	5,174
Goodwill & Int.	4,666	4,326	4,018	3,271	3,292	3,486	3,666	3,636	3,519	3,357
Total Liabilities	22,384	21,145	20,064	24,987	28,062	27,746	27,143	26,047	25,922	24,930
Accounts Payable	3,035	2,833	2,919	2,891	3,487	4,237	4,173	4,218	4,093	4,021
Long-Term Debt	12,338	11,876	10,586	14,118	15,461	14,664	14,342	13,562	13,477	14,560
Total Equity	1,371	1,398	1,451	2,278	1,324	3,025	1,611	2,747	3,386	
LTD/E Ratio	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
Return on Assets	-1.6%	0.2%	0.6%	1.9%	3.0%	5.4%	5.1%	4.5%	3.3%	0.8%
Return on Equity	-25.0%	3.3%	9.2%	25.0%	47.2%	74.5%	65.3%	59.5%	31.3%	8.3%
ROIC	-2.7%	0.3%	1.0%	3.2%	5.0%	9.1%	8.7%	7.7%	5.5%	1.3%
Shares Out.	-	-	-	580.3	578.1	475.3	534.0	581.1	583.8	503.4
Revenue/Share	124.58	125.10	126.37	130.38	149.69	151.25	145.41	136.36	137.70	152.00
FCF/Share	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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