

# BED BATH & BEYOND

11/02/2012

Billy Beane Dream Team



# Billy Beane Dream Team

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- Nate: Marketing Officer
- Kevin: Valuation Officer
- Emily: Financial Officer
- Ryan: Safety Officer

# Basic Company Info

- NASDAQ- BBBY
- Industry- Specialty Retail
- Founded- 1971
- Founders- Warren Eisenberg, Leonard Feinstein
- HQ- Union, NJ
- Number of Locations- 1230
- Market Cap- \$13.34 Billion
- Shares Outstanding- 230 Million
- 52 Week Range- \$56.72 - \$75.84

# Business

- From Item 1 of 10-K:
  - The Company sells a wide assortment of domestics merchandise and home furnishings. Domestics merchandise includes categories such as bed linens and related items, bath items and kitchen textiles. Home furnishings include categories such as kitchen and tabletop items, fine tabletop, basic housewares, general home furnishings, consumables and certain juvenile products. The Company offers a breadth and depth of selection in most of its product categories that exceeds what is generally available in department stores or other specialty retail stores.”

# Subsidiaries & Acquisitions

- Bed Bath & Beyond (BBB)
- buybuy BABY
- Christmas Tree Shops (CTS)
- Harmon and Harmon Face Values
- Home and More
- Cost Plus World Market\*
- Linen Holdings\*



\*Recently Acquired



# Competitors

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- Department Stores
  - JCP, M
- Specialty Stores
  - PIR, WSM
- Discount and Mass Merchandise Stores
  - BIG
- National Chains
  - WMT, T
- Online only
  - AMZN

# Competitive Advantage

- Over department stores & national chains because:
  - Bed Bath & Beyond specializes in home furnishings, carries a “breadth and depth” of products and also has strong pricing control over them
- Over online retailers:
  - Bed Bath & Beyond gives consumers to touch, see, and smell the products before they buy
- Differentiated itself in the competitive retail industry by developing a niche
- Wedding & Gift Registry
- Campus & Beyond

# Quantitative Review

Current Price per Share	57.54
52 Week High	75.84
52 Week Low	56.72
P/E Ratios:	
Current	12.8
Trailing	13.7
Forward	11.21
Relative	0.84
Dividend Yield	N/A

# Statistical Array Analysis

Sales Per Share	YES
Cash Flows Per Share	YES
Earnings Per Share	YES
Dividends Declared Per Share	N/A
Capital Spending Per Share	YES
Book Value Per Share	YES
Revenues (Sales)	YES
Gross Margin	YES
Operating Margin	18.4
Number of Stores	1173
Net Profit	YES
Net Profit Margin	YES
Working Capital	YES
Shareholder's Equity	YES
Return on Total Capital	YES

# Statistical Array Analysis, cont.

Return on Shareholder's Equity	YES
Common Shares Outstanding	YES
Long-Term Debt	No long-term debt on the balance sheet
LT Debt Payable in 5 years	N/A
All Dividends to Net Profit under 60%	N/A
ValueLine Financial Strength	A++
ValueLine Stock's Price Stability	75
ValueLine Earnings Predictability	80
Annual Growth Rate Analysis	
Sales	YES
"Cash Flow"	YES
Earnings	YES

# Qualitative Review

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- What type of business is this?
  - Commodity
- Can you easily explain what the business does?
  - Sells household furnishings and appliances
- Is it heavily unionized?
  - No
- Does it require heavy capital infusion?
  - No
- Does it require lots of R&D?
  - No

# Qualitative Review, cont.

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- Are there chronic “one time” write offs?
  - No
- Is the company able to raise prices to offset inflation?
  - Yes
- Will the company be able to sell more in the future?
  - Yes
- Could a competitor be developed with \$1 Billion?
  - No

# Interpretation of Financial Statements

						<u>Threshold</u>
a. Gross Profit Margin:	<u>Gross Profit</u>	=	<u>\$3,930,933</u>	=	41.38%	<u>Y</u> ≥ 40%
	Revenue		\$9,499,890			
b. SG&A Costs as a % of GP:	<u>SG&amp;A Expenses</u>	=	<u>\$2,362,564</u>	=	24.87%	<u>Y</u> ≤ 30%
	Gross Profit		\$9,499,890			
c. Depreciation as a % of Gross Profit:	<u>Depreciation Expense</u>	=	<u>\$183,873</u>	=	1.94%	<u>Y</u> ≤ 10%
	Gross Profit		\$9,499,890			
d. Interest Payouts:	<u>Interest Expense</u>	=	<u>\$0</u>	=	0.00%	<u>Y</u> ≤ 15%
	Operating Income		\$1,568,369			
e. Net Earnings Trend	<u>2009</u>		<u>2010</u>		<u>2011</u>	<u>Y</u> Up Trend
	\$600,033		\$791,333		\$989,537	
	<u>2006</u>		<u>2007</u>		<u>2008</u>	
	\$594,000		\$563,000		\$425,000	
f. Net Earnings/Total Revenues:	<u>\$989,537</u>	=	10.42%			<u>Y</u> ≥ 10%
	\$9,499,890					

# Interpretation of Financial Statements

g. High Cash Balances:	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>Y</u>		
	\$1,528,000	\$1,183,587	\$1,003,166			
	<u>2006</u>	<u>2007</u>	<u>2008</u>			
	\$988,000	\$224,000	\$670,000			
h. Current Ratio:	<u>Current Assets</u>	=	<u>\$4,142,939</u>	= 3.09	<u>Y</u>	≥ 1
	<u>Current Liabilities</u>		<u>\$1,339,130</u>			
i. Goodwill:	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>OK</u>		
	\$0	\$0	\$0			
j. Intangible Assets (Other Assets):	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>OK</u>		
		\$334,612	\$287,567			
k. LongTerm Debt/Net Earnings:	<u>\$0</u>	=	0.00 Years	<u>Y</u>	< 5 (3-4 better)	
	\$989,537					
l. Adj. Debt to Shareholders' Equity:	<u>Total Liabilities</u>	=	<u>\$1,802,018</u>	= 0.23	<u>Y</u>	≤ .80
	Shareholders' Equity		\$3,922,528			
	+ Treasury Stock		\$4,032,060			

# Interpretation of Financial Statements

m. Preferred Stock:	None.				<u>Y</u>	None
n. Retained Earnings:	<u>2010</u>	<u>2011</u>	=	17.84%	<u>Y</u>	Increasing
	\$5,546,287	\$6,535,824				
o. Treasury Stock:	<u>2011</u>	<u>2012</u>			<u>Y</u>	Presence on B.S.
	\$2,814,104	\$4,032,060				
p. Return on Equity:	<u>Net Income</u>	=	<u>\$989,537</u>	=	25.23%	<u>Y</u> ≥ 15%
	Shareholders' Equity		\$3,922,528			
q. R&D Expenditures:	<u>Research &amp; Development</u>	=	<u>\$0</u>	=	0.00%	<u>Y</u> Combine W/SG&A
	Gross Profit		\$3,930,933			
r. Stock Buybacks:	<u>2009</u>	<u>2010</u>		<u>2011</u>	<u>Y</u>	Constant Buybacks
	\$94,587	\$687,605		\$1,217,956		Share Increases?
s. Capital Expenditures:	<u>Capital Expenditures</u>	=	<u>\$243,374</u>	=	24.59%	<u>Y</u> ≤ 25%
	Net Profit		\$989,537			

# Interpretation of Financial Statements

t. Return on Capital:	<u>Net Income</u>	=	<u>\$989,537</u>	=	25.23%	<u>Y</u>	≥ 15%
	Shareholders' Equity		\$3,922,528				
	+ Long-Term Debt		\$0				
u. Return on Assets:	<u>Net Income</u>	=	<u>\$989,537</u>	=	17.29%	<u>Y</u>	
	Total Assets		\$5,724,546				
v. Dividend Payout Ratio:	0%					<u>Y</u>	≤ 60%
w. Dividend Yield:	0.00%						
x. Defined Benefit Plan:	o					<u>Y</u>	None
y. Free Cash Flow:	<u>\$4.07</u>	=		=	7.05%		
	\$57.72						
z. Earnings Yield:	<u>\$4.12</u>	=		=	7.14%		
	\$57.72						

# Conscious Investor- 10 Years

Earnings Per Share (EPS)										EPSStim	Years	HGROWTH	STAEGR™	
2/03	2/04	2/05	2/06	2/07	2/08	2/09	2/10	2/11	2/12	4.280	10	Calc	12.81%	84.58%
1.000	1.310	1.650	1.920	2.090	2.100	1.640	2.300	3.070	4.060					
Sales Per Share											Years	HGROWTH	STAEGR™	
12.448	14.913	17.606	20.676	23.883	27.224	27.766	29.779	34.802	40.337	Chart	10	Calc	12.98%	94.94%
Net Profit Margin (NPM)												Current NPM		
8.24	8.92	9.81	9.86	8.98	7.98	5.90	7.68	9.04	10.42			10.42	Chart	
Return on Equity (ROE)												Current ROE		
20.60	20.10	22.90	25.30	22.40	22.00	14.20	16.40	20.10	25.20			25.20	Chart	
Price Earnings Ratio (PE Ratio)										Current		Current PE		
37.90	34.40	26.90	24.60	20.70	20.00	21.20	18.90	16.60	15.70	17.72	High	13.42	Chart	
26.70	23.00	20.60	18.20	14.80	11.70	9.90	8.30	8.60	11.00	13.25	Low			
Price										Current		Current Price		
37.90	45.00	44.43	46.99	43.32	41.90	34.73	43.42	50.95	75.84	75.84	High	57.45	Chart	
26.70	30.18	33.88	34.85	30.92	24.49	16.23	19.11	26.50	56.72	56.72	Low			
Payout Ratio (PR)										52 week low Price for this year		Current PR		
0	0	0	0	0	0	0	0	0	0			0%	Chart	

**STRETD®**

current year 26 Oct 2012

Price 57.45

Dividend Reinvestment Strategy

Buy additional shares

Invest at the rate below

Note: PE and PR Ratios are ave of 4 yrs

EPSStim 4.280

PE Ratio 15.38

HGrowth 12.81 %

Payout 0 %

Investment Period 5 years

Tax - dividends 0 %

Tax - capital gains 0 %

Calculate 15.92% per year

Sync with TARG

**TARGD®**

current year

Req Return 10.0 %

Dividend Reinvestment Strategy

Buy additional shares

Invest at the rate below

Note: PE and PR Ratios are ave of 4 yrs

EPSStim 4.280

PE Ratio 15.38

HGrowth 12.81 %

Payout 0 %

Investment Period 5 years

Tax - dividends 0 %

Tax - capital gains 0 %

Calculate \$80.76

Sync with STRET

# Conscious Investor- 6 Years

Earnings Per Share (EPS)											EPStim	Years	HGROWTH	STAEGR™	
2/03	2/04	2/05	2/06	2/07	2/08	2/09	2/10	2/11	2/12		4.280	3	Calc	14.59%	83.97%
1.000	1.310	1.650	1.920	2.090	2.100	1.640	2.300	3.070	4.060						
Sales Per Share													HGROWTH	STAEGR™	
12.448	14.913	17.506	20.675	23.883	27.224	27.756	29.779	34.802	40.337		Chart	6	Calc	10.31%	96.65%
Net Profit Margin (NPM)													Current NPM		
8.24	8.92	9.81	9.86	8.98	7.98	5.90	7.68	9.04	10.42				10.42	Chart	
Return on Equity (ROE)													Current ROE		
20.80	20.10	22.90	25.30	22.40	22.00	14.20	16.40	20.10	25.20				25.20	Chart	
Price Earnings Ratio (PE Ratio)											Current		Current PE		
37.90	34.40	28.90	24.60	20.70	20.00	21.20	18.90	16.80	15.70		17.72	High	13.42	Chart	
26.70	23.00	20.50	18.20	14.80	11.70	9.90	8.30	8.60	11.00		13.25	Low			
Price											Current		Current Price		
37.90	45.00	44.43	46.99	43.32	41.90	34.73	43.42	50.95	75.84		75.84	High	57.45	Chart	
26.70	30.18	33.88	34.85	30.92	24.49	16.23	19.11	26.50	56.72		56.72	Low			
Payout Ratio (PR)													Current PR		
0	0	0	0	0	0	0	0	0	0				0%	Chart	

**STRETD®**

current year 26 Oct 2012

Price 57.45

EPStim 4.280

PE Ratio 16.38

HGrowth 14.59 %

Payout 0 %

Dividend Reinvestment Strategy

Buy additional shares

Invest at the rate below

Note: PE and PR Ratios are ave of 4 yrs

Investment Period 5 years

Tax - dividends 0 %

Tax - capital gains 0 %

Calculate 17.75% per year Sync with TARG

**TARGD®**

current year

Req Return 10.0 %

EPStim 4.280

PE Ratio 15.38

HGrowth 14.59 %

Payout 0 %

Dividend Reinvestment Strategy

Buy additional shares

Invest at the rate below

Note: PE and PR Ratios are ave of 4 yrs

Investment Period 5 years

Tax - dividends 0 %

Tax - capital gains 0 %

Calculate \$80.76 Sync with STRET

# Conscious Investor- 3 Years

Earnings Per Share (EPS)											EPSttm	Years	HGROWTH	STAEGR™	
2/03	2/04	2/05	2/06	2/07	2/08	2/09	2/10	2/11	2/12		4.280	3	Calc	32.86%	99.91%
1.000	1.310	1.650	1.920	2.090	2.100	1.640	2.300	3.070	4.060						
Sales Per Share												Years	HGROWTH	STAEGR™	
12.448	14.913	17.506	20.675	23.883	27.224	27.758	29.779	34.802	40.337	Chart		3	Calc	16.38%	99.92%
Net Profit Margin (NPM)													Current NPM		
8.24	8.92	9.81	9.96	8.98	7.98	5.90	7.66	9.04	10.42				10.42	Chart	
Return on Equity (ROE)													Current ROE		
20.80	20.10	22.90	25.30	22.40	22.00	14.20	16.40	20.10	25.20				25.20	Chart	
Price Earnings Ratio (PE Ratio)											Current		Current PE		
37.90	34.40	26.90	24.60	20.70	20.00	21.20	18.90	16.80	15.70		17.72	High	13.42	Chart	
26.70	23.00	20.50	18.20	14.80	11.70	9.90	8.30	8.60	11.00		13.25	Low			
Price											Current		Current Price		
37.90	45.00	44.43	46.99	43.32	41.90	34.73	43.42	50.95	75.84		75.84	High	57.45	Chart	
26.70	30.18	33.88	34.85	30.92	24.49	18.23	19.11	26.50	56.72		56.72	Low			
Payout Ratio (PR)													Current PR		
0	0	0	0	0	0	0	0	0	0				0%	Chart	

  

STRETD®					TARGD®				
current year	26 Oct 2012	Price	57.45	current year		Req Return	10.0	%	
Dividend Reinvestment Strategy		EPSttm	4.280	Dividend Reinvestment Strategy		EPSttm	4.280		
<input checked="" type="radio"/> Buy additional shares		PE Ratio	16.38	<input checked="" type="radio"/> Buy additional shares		PE Ratio	15.38		
<input type="radio"/> Invest at the rate below		HGrowth	32.86 %	<input type="radio"/> Invest at the rate below		HGrowth	32.86 %		
Note: PE and PR Ratios are ave of 4 yrs		Payout	0 %	Note: PE and PR Ratios are ave of 4 yrs		Payout	0 %		
Investment Period	5 years	Tax - dividends	0 %	Investment Period	5 years	Tax - dividends	0 %		
		Tax - capital gains	0 %			Tax - capital gains	0 %		
Calculate	36.53%	per year	Sync with TARG	Calculate	\$80.76		Sync with STRET		

# Conscious Investor- Safety

Earnings Per Share (EPS)											EPSttm	Years	HGROWTH	STAEGR™	
2/03	2/04	2/05	2/06	2/07	2/08	2/09	2/10	2/11	2/12		4.280	6	Calc	14.59%	83.97%
1.000	1.310	1.650	1.920	2.090	2.100	1.640	2.300	3.070	4.060						
Sales Per Share													HGROWTH	STAEGR™	
12.448	14.913	17.605	20.675	23.883	27.224	27.756	29.779	34.802	40.337	Chart		6	Calc	10.31%	96.65%
Net Profit Margin (NPM)													Current NPM		
8.24	8.92	9.81	9.86	9.98	7.98	5.90	7.66	9.04	10.42					10.42	Chart
Return on Equity (ROE)													Current ROE		
20.60	20.10	22.90	25.30	22.40	22.00	14.20	16.40	20.10	25.20					25.20	Chart
Price Earnings Ratio (PE Ratio)											Current		Current PE		
37.90	34.40	26.90	24.50	20.70	20.00	21.20	18.90	16.80	15.70		17.72	High		13.42	Chart
26.70	23.00	20.50	18.20	14.80	11.70	9.90	8.30	8.60	11.00		13.25	Low			
Price											Current		Current Price		
37.90	45.00	44.43	46.99	43.32	41.90	34.73	43.42	50.95	75.84		75.84	High		57.45	Chart
26.70	30.18	33.88	34.85	30.92	24.49	16.23	19.11	26.50	56.72		56.72	Low			
Payout Ratio (PR)													Current PR		
0	0													0%	Chart

  

**6 Year**

current year

Dividend Reinvest  
 Buy additional shares  
 Invest at the rate below

Note: PE and Payout are ave of 4 yrs

Investment Period: 5 years  
 Tax - dividends: 0%  
 Tax - capital gains: 0%

Calculate: 6.72% per year Sync with TARG

Price: 57.45  
 EPSttm: 4.280  
 PE Ratio: 16.39  
 HGrowth: 14.59%  
 Payout: 0%

current year

Dividend Reinvestment Strategy  
 Buy additional shares  
 Invest at the rate below

Note: PE and PR Ratios are ave of 4 yrs

Investment Period: 5 years  
 Tax - dividends: 0%  
 Tax - capital gains: 0%

Calculate: \$49.38 Sync with STRET

**TARGD®**

Req Return: 10.0%  
 EPSttm: 4.280  
 PE Ratio: 11.82  
 HGrowth: 9.47%  
 Payout: 0%

# Conscious Investor- Kill It

Earnings Per Share (EPS)											EPSttm	Years	HGROWTH	STAEGR™	
2/03	2/04	2/05	2/06	2/07	2/08	2/09	2/10	2/11	2/12		4.280	6	Calc	14.59%	83.97%
1.000	1.310	1.650	1.920	2.090	2.100	1.640	2.300	3.070	4.060						
Sales Per Share												Years	HGROWTH	STAEGR™	
12.448	14.913	17.506	20.675	23.883	27.224	27.766	29.779	34.802	40.337	Chart		6	Calc	10.31%	96.65%
Net Profit Margin (NPM)											Current NPM				
8.24	8.92	9.81	9.86	8.98	7.98	5.90	7.66	9.04	10.42		10.42				
Return on Equity (ROE)											Current ROE				
20.80	20.10	22.90	25.30	22.40	22.00	14.20	16.40	20.10	25.20		25.20				
Price Earnings Ratio (PE Ratio)											Current		Current PE		
37.90	34.40	28.90	24.60	20.70	20.00	21.20	18.90	16.80	15.70		17.72	High	13.42	Chart	
26.70	23.00	20.50	18.20	14.80	11.70	9.90	8.30	8.60	11.00		13.25	Low			
Price											Current		Current Price		
37.90	45.00	44.43	46.99	43.32	41.90	34.73	43.42	50.95	75.84		75.84	High	57.45	Chart	
26.70	30.18	33.88	34.85	30.92	24.49	16.23	19.11	26.50	56.72		56.72	Low			
Payout Ratio (PR)											Current PR				
0	0										0%				

  

**6 Year**

current year

Dividend Reinv  
 Buy additional  
 Invest at the

Note: PE and P

Price	57.45
EPSttm	4.280
PE Ratio	16.38
HGrowth	14.59 %
Payout	0 %

Investment Period  years  
 Tax - dividends  %  
 Tax - capital gains  %

Calculate  per year

**TARG®**

current year

Dividend Reinvestment Strategy  
 Buy additional shares  
 Invest at the rate below

Note: PE and PR Ratios are ave of 4 yrs

Req Return	10.0 %
EPSttm	4.280
PE Ratio	11.82
HGrowth	9.47 %
Payout	0 %

Investment Period  years  
 Tax - dividends  %  
 Tax - capital gains  %

Calculate

# Conscious Investor- Double Tap

Earnings Per Share (EPS)											EPStim	Years	HGROWTH	STAEGR™	
2/03	2/04	2/05	2/06	2/07	2/08	2/09	2/10	2/11	2/12		4.280	6	Calc	14.59%	83.97%
1.000	1.310	1.650	1.920	2.090	2.100	1.640	2.300	3.070	4.060						
Sales Per Share											Chart	Years	HGROWTH	STAEGR™	
12.448	14.913	17.605	20.676	23.883	27.224	27.766	29.779	34.802	40.337			6	Calc	10.31%	96.65%
Net Profit Margin (NPM)											Current NPM				
8.24	8.92	9.81	9.86	8.98	7.98	5.90	7.88	9.04	10.42		10.42		Chart		
Return on Equity (ROE)											Current ROE				
20.60	20.10	22.90	25.30	22.40	22.00	14.20	16.40	20.10	25.20		25.20		Chart		
Price Earnings Ratio (PE Ratio)											Current		Current PE		
37.90	34.40	26.90	24.60	20.70	20.00	21.20	18.90	16.60	15.70		17.72	High	13.42	Chart	
26.70	23.00	20.60	18.20	14.80	11.70	9.90	8.30	8.60	11.00		13.25	Low			
Price											Current		Current Price		
37.90	45.00	44.43	46.99	43.32	41.90	34.73	43.42	50.95	75.84		75.84	High	57.45	Chart	
26.70	30.18	33.88	34.85	30.92	24.49	16.23	19.11	26.50	56.72		56.72	Low			
Payout Ratio (PR)											Current PR				
0	0										0%		Chart		

  

**6 Year**

Price	57.45
EPStim	4.280
PE Ratio	13.39
HGrowth	14.59 %
Payout	0 %

Price	57.45
EPStim	4.280
PE Ratio	9.5
HGrowth	7.2 %
Payout	0 %

  

current year

Dividend Reinvest

Buy additional shares

Invest at the rate below

Note: PE and PR Ratios are ave of 4 yrs

Investment Period: 5 years

Tax - dividends: 0 %

Tax - capital gains: 0 %

Calculate: 0.04% per year

Sync with TARG

current year

**TARGD@**

Req Return: 10.0 %

EPStim: 4.280

PE Ratio: 11.82

HGrowth: 9.47 %

Payout: 0 %

Investment Period: 5 years

Tax - dividends: 0 %

Tax - capital gains: 0 %

Calculate: \$49.38

Sync with STRET

# Guru Focus- Fair Value Calculator

## 17.1% Historic Growth- 12 Months

Enter Symbol:  (Price: \$57.72)

Earnings Per Share :\$  ?

Growth Rate In the Next  Years:  % ?

Business Predictability 

Terminal Growth Rate:  % ?

Years of Terminal Growth:  ?

Discount Rate:  % ?

Tangible Book Value: \$  (not added to Fair Value) ?

Growth Value: \$ 55.38 ?

+ Terminal Value: \$ 45.67 ?

**= Fair Value: \$ 101.05** ?

Margin Of Safety: 43%

### Financial Data of Bed Bath & Beyond, Inc.

Annual Rates (per share)	10 yrs	5 yrs	12 months
Revenue Growth (%)	13.7	10.3	15.5
EBITDA Growth (%)	14.3	15.5	17.1
Earning Growth (%)	14.2	14.7	21.8
Free Cash Flow Growth (%)	12.1	33.6	2.2
Book Value Growth (%)	14.8	13.2	6.9

Per Share Data	Annuals (Year End)			Quarterly
	Fiscal Period	Feb10	Feb11	Feb12
Revenue (\$)	29.88	34.38	39.38	11.17
EBITDA	4.45	5.78	7.26	1.78
Free Cashflow	2.87	3.16	4.07	0.48
EPS (\$)	2.33	3.11	4.12	0.99
Book Value	13.94	15.43	16.26	16.89

# Guru Focus- Fair Value Calculator

## 15.5% Historic Growth- 5 Years

Enter Symbol:  (Price: \$57.72)

Earnings Per Share :\$  ?

Growth Rate In the Next  Years:  % ?

Business Predictability 

Terminal Growth Rate:  % ?

Years of Terminal Growth:  ?

Discount Rate:  % ?

Tangible Book Value: \$  (not added to Fair Value) ?

Growth Value: \$ 51.13 ?

+ Terminal Value: \$ 39.8 ?

**= Fair Value: \$ 90.93** ?

Margin Of Safety: 37%

### Financial Data of Bed Bath & Beyond, Inc.

Annual Rates (per share)	10 yrs	5 yrs	12 months
Revenue Growth (%)	13.7	10.3	15.5
EBITDA Growth (%)	14.3	15.5	17.1
Earning Growth (%)	14.2	14.7	21.8
Free Cash Flow Growth (%)	12.1	33.6	2.2
Book Value Growth (%)	14.8	13.2	6.9

Per Share Data	Annuals (Year End)			Quarterly
	Fiscal Period	Feb10	Feb11	Feb12
Revenue (\$)	29.88	34.38	39.38	11.17
EBITDA	4.45	5.78	7.26	1.78
Free Cashflow	2.87	3.16	4.07	0.48
EPS (\$)	2.33	3.11	4.12	0.99
Book Value	13.94	15.43	16.26	16.89

# Guru Focus- Fair Value Calculator

## 14.3% Historic Growth- 10 Years

Enter Symbol:  (Price: \$57.72)

Earnings Per Share :\$  ?

Growth Rate In the Next  Years:  % ?

Business Predictability 

Terminal Growth Rate:  % ?

Years of Terminal Growth:  ?

Discount Rate:  % ?

Tangible Book Value: \$  (not added to Fair Value) ?

Growth Value: \$ 48.17 ?

+ Terminal Value: \$ 35.85 ?

**= Fair Value: \$ 84.02** ?

Margin Of Safety: 31%

### Financial Data of Bed Bath & Beyond, Inc.

Annual Rates (per share)	10 yrs	5 yrs	12 months
Revenue Growth (%)	13.7	10.3	15.5
EBITDA Growth (%)	14.3	15.5	17.1
Earning Growth (%)	14.2	14.7	21.8
Free Cash Flow Growth (%)	12.1	33.6	2.2
Book Value Growth (%)	14.8	13.2	6.9

Per Share Data	Annuals (Year End)			Quarterly
	Fiscal Period	Feb10	Feb11	Feb12
Revenue (\$)	29.88	34.38	39.38	11.17
EBITDA	4.45	5.78	7.26	1.78
Free Cashflow	2.87	3.16	4.07	0.48
EPS (\$)	2.33	3.11	4.12	0.99
Book Value	13.94	15.43	16.26	16.89

# Guru Focus- Fair Value Calculator

## 10% Conservative Growth

Enter Symbol:  (Price: \$57.72)

Earnings Per Share :\$  ?

Growth Rate In the Next  Years:  % ?

Business Predictability 

Terminal Growth Rate:  % ?

Years of Terminal Growth:  ?

Discount Rate:  % ?

Tangible Book Value: \$  (not added to Fair Value) ?

Growth Value: \$ 39 ?

+ Terminal Value: \$ 24.43 ?

**= Fair Value: \$ 63.43** ?

Margin Of Safety: 9%

### Financial Data of Bed Bath & Beyond, Inc.

	Annual Rates (per share)	10 yrs	5 yrs	12 months
Revenue Growth (%)		13.7	10.3	15.5
EBITDA Growth (%)		14.3	15.5	17.1
Earning Growth (%)		14.2	14.7	21.8
Free Cash Flow Growth (%)		12.1	33.6	2.2
Book Value Growth (%)		14.8	13.2	6.9

Per Share Data	Annuals (Year End)			Quarterly	
	Fiscal Period	Feb10	Feb11	Feb12	Aug12
Revenue (\$)		29.88	34.38	39.38	11.17
EBITDA		4.45	5.78	7.26	1.78
Free Cashflow		2.87	3.16	4.07	0.48
EPS (\$)		2.33	3.11	4.12	0.99
Book Value		13.94	15.43	16.26	16.89

# Guru Focus- Fair Value Calculator

## 8.5% Even More Conservative Growth

Enter Symbol:  (Price: \$57.72)

Earnings Per Share :\$  ?

Growth Rate In the Next  Years:  % ?

Business Predictability 

Terminal Growth Rate:  % ?

Years of Terminal Growth:  ?

Discount Rate:  % ?

Tangible Book Value: \$  (not added to Fair Value) ?

Growth Value: \$ 36.26 ?

+ Terminal Value: \$ 21.3 ?

**= Fair Value: \$ 57.56** ?

Margin Of Safety: 0%

### Financial Data of Bed Bath & Beyond, Inc.

	Annual Rates (per share)	10 yrs	5 yrs	12 months
Revenue Growth (%)		13.7	10.3	15.5
EBITDA Growth (%)		14.3	15.5	17.1
Earning Growth (%)		14.2	14.7	21.8
Free Cash Flow Growth (%)		12.1	33.6	2.2
Book Value Growth (%)		14.8	13.2	6.9

Per Share Data	Annuals (Year End)			Quarterly	
	Fiscal Period	Feb10	Feb11	Feb12	Aug12
Revenue (\$)		29.88	34.38	39.38	11.17
EBITDA		4.45	5.78	7.26	1.78
Free Cashflow		2.87	3.16	4.07	0.48
EPS (\$)		2.33	3.11	4.12	0.99
Book Value		13.94	15.43	16.26	16.89

# FinViz- How BBY Looks in Our Portfolio

## P/E Ratio

No.	Ticker	Market Cap	▲ P/E	Fwd P/E	PEG	P/S	P/B	P/C	P/FCF	EPS this Y
1	BRK-B	145.55M	0.01	-	-	0.00	0.00	-	-	-
2	MDT	43.10B	12.84	10.97	1.91	2.65	2.50	17.30	13.77	14.08%
3	BBBY	13.23B	13.45	11.21	1.02	1.34	3.38	14.56	15.39	32.32%
4	LO	15.14B	13.95	12.80	1.60	2.32	-	8.83	54.65	17.82%
5	BDX	15.22B	14.50	13.15	1.94	1.97	3.60	6.96	19.77	8.34%
6	WAG	33.51B	14.67	9.59	1.15	0.47	1.84	25.84	16.00	-17.67%
7	AAP	5.94B	14.89	14.21	1.36	0.96	5.61	13.24	12.12	29.21%
8	WMT	246.90B	15.46	13.60	1.65	0.54	3.52	31.12	32.59	8.47%
9	ORCL	151.70B	15.58	10.82	1.29	4.11	3.51	4.80	12.46	17.53%
10	MSFT	248.45B	15.96	9.11	1.66	3.43	3.61	3.73	11.08	-25.91%
11	PEP	107.41B	18.52	15.75	3.00	1.64	5.02	18.81	49.64	3.03%
12	KO	167.43B	19.44	17.05	2.38	3.52	5.04	9.26	54.13	-27.10%
13	CHD	7.13B	23.29	18.49	2.06	2.53	3.60	38.72	28.99	13.27%
14	JNJ	197.13B	23.52	13.02	3.65	2.99	3.25	-	-	-27.11%
15	SAM	1.40B	26.09	22.93	2.83	2.60	6.57	33.94	169.47	36.41%
16	BBY	5.07B	-	5.53	-	0.10	1.44	7.45	5.32	-183.87%

# FinViz- How BBY Looks in Our Portfolio

## Fwd P/E Ratio

No.	Ticker	Market Cap	P/E	▲ Fwd P/E	PEG	P/S	P/B	P/C	P/FCF
1	BBY	5.07B	-	5.53	-	0.10	1.44	7.45	5.32
2	MSFT	248.41B	15.95	9.11	1.66	3.43	3.61	3.73	11.08
3	WAG	33.51B	14.67	9.59	1.15	0.47	1.84	25.84	16.00
4	ORCL	151.70B	15.58	10.82	1.29	4.11	3.51	4.80	12.46
5	MDT	43.10B	12.84	10.97	1.91	2.65	2.50	17.30	13.77
6	BBBY	13.23B	13.45	11.21	1.02	1.34	3.38	14.56	15.39
7	LO	15.14B	13.95	12.80	1.60	2.32	-	8.83	54.65
8	JNJ	197.13B	23.52	13.02	3.65	2.99	3.25	-	-
9	BDX	15.22B	14.50	13.15	1.94	1.97	3.60	6.96	19.77
10	WMT	246.90B	15.46	13.60	1.65	0.54	3.52	31.12	32.59
11	AAP	5.94B	14.89	14.21	1.36	0.96	5.61	13.24	12.12
12	PEP	107.41B	18.52	15.75	3.00	1.64	5.02	18.81	49.64
13	KO	167.43B	19.44	17.05	2.38	3.52	5.04	9.26	54.13
14	CHD	7.13B	23.29	18.49	2.06	2.53	3.60	38.72	28.99
15	SAM	1.40B	26.09	22.93	2.83	2.60	6.57	33.94	169.47
16	BRK-B	145.55M	0.01	-	-	0.00	0.00	-	-

# FinViz- How BBY Looks in Our Portfolio

## PEG Ratio

No.	Ticker	Market Cap	P/E	Fwd P/E	▲ PEG	P/S	P/B	P/C	P/FCF
1	BBBY	13.23B	13.45	11.21	1.02	1.34	3.38	14.56	15.39
2	WAG	33.51B	14.67	9.59	1.15	0.47	1.84	25.84	16.00
3	ORCL	151.70B	15.58	10.82	1.29	4.11	3.51	4.80	12.46
4	AAP	5.94B	14.89	14.21	1.36	0.96	5.61	13.24	12.12
5	LO	15.14B	13.95	12.80	1.60	2.32	-	8.83	54.65
6	WMT	246.90B	15.46	13.60	1.65	0.54	3.52	31.12	32.59
7	MSFT	248.41B	15.95	9.11	1.66	3.43	3.61	3.73	11.08
8	MDT	43.10B	12.84	10.97	1.91	2.65	2.50	17.30	13.77
9	BDX	15.22B	14.50	13.15	1.94	1.97	3.60	6.96	19.77
10	CHD	7.13B	23.29	18.49	2.06	2.53	3.60	38.72	28.99
11	KO	167.43B	19.44	17.05	2.38	3.52	5.04	9.26	54.13
12	SAM	1.40B	26.09	22.93	2.83	2.60	6.57	33.94	169.47
13	PEP	107.41B	18.52	15.75	3.00	1.64	5.02	18.81	49.64
14	JNJ	197.13B	23.52	13.02	3.65	2.99	3.25	-	-
15	BRK-B	145.55M	0.01	-	-	0.00	0.00	-	-
16	BBY	5.07B	-	5.53	-	0.10	1.44	7.45	5.32

# FinViz- How BBY Looks in Our Portfolio

## P/FCF Ratio

No.	Ticker	Market Cap	P/E	Fwd P/E	PEG	P/S	P/B	P/C	▲ P/FCF
1	BBY	5.07B	-	5.53	-	0.10	1.44	7.45	5.32
2	MSFT	248.41B	15.95	9.11	1.66	3.43	3.61	3.73	11.08
3	AAP	5.94B	14.89	14.21	1.36	0.96	5.61	13.24	12.12
4	ORCL	151.70B	15.58	10.82	1.29	4.11	3.51	4.80	12.46
5	MDT	43.10B	12.84	10.97	1.91	2.65	2.50	17.30	13.77
6	BBBY	13.23B	13.45	11.21	1.02	1.34	3.38	14.56	15.39
7	WAG	33.51B	14.67	9.59	1.15	0.47	1.84	25.84	16.00
8	BDX	15.22B	14.50	13.15	1.94	1.97	3.60	6.96	19.77
9	CHD	7.13B	23.29	18.49	2.06	2.53	3.60	38.72	28.99
10	WMT	246.90B	15.46	13.60	1.65	0.54	3.52	31.12	32.59
11	PEP	107.41B	18.52	15.75	3.00	1.64	5.02	18.81	49.64
12	KO	167.43B	19.44	17.05	2.38	3.52	5.04	9.26	54.13
13	LO	15.14B	13.95	12.80	1.60	2.32	-	8.83	54.65
14	SAM	1.40B	26.09	22.93	2.83	2.60	6.57	33.94	169.47
15	JNJ	197.13B	23.52	13.02	3.65	2.99	3.25	-	-
16	BRK-B	145.55M	0.01	-	-	0.00	0.00	-	-

# Financial Reasons to buy BBBY

- Unique specialty product mix
- Understandable business
- Predictable, strong financials
- No Long-Term Debt
- No Dividends (growth mode)
- Buying back shares
- P/E is at a 52 week low
- Price is at a 52 week low
- Expanding operating margins

# Conceptual Reasons to buy BBBY

1. A substantial part of their home furnishing products are touchy-feely, an experience which, is not duplicated online\*
2. Many products are unique to Bed Bath and are not available online or elsewhere\*
3. The brick and mortar shopping experience also allows you to buy more on impulse, especially if you have your 20% coupon\*

\*From Motley Fool article

BED BATH &  
**BEYOND**

# Concluding thought...

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- “These high-quality share remain an attractive selection for buy-and hold investors. While economic concerns and the integration of recent acquisitions will likely pressure investor sentiment in the near term, we continue to view the company’s long term prospects favorably.”

-ValueLine