

Bed Bath & Beyond Inc. (BBBY)

\$6.41 (As of 04/27/20)

Price Target (6-12 Months): **\$8.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 03/29/20)

Prior Recommendation: Underperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:C

Value: B

Growth: C

Momentum: F

Summary

Shares of Bed Bath & Beyond have lagged the industry in the past three months. The stock remains under pressure due to the ongoing global COVID-19 crisis. Anticipating uncertain impacts from the coronavirus outbreak, management extended store closures, furloughed staff, lowered expenses, suspended share repurchase plans and store remodeling efforts and withheld fiscal 2020 view. Further, soft comparable sales along with dismal gross margin and higher costs hurt the company's top and bottom lines in fourth-quarter fiscal 2019. However, its transformation initiatives are well underway to deliver growth in the long term. It is also likely to reduce annual SG&A expenses through 500 job cuts under its restructuring plan. It is poised to bolster digital sales through investments in online and omni-channel capabilities.

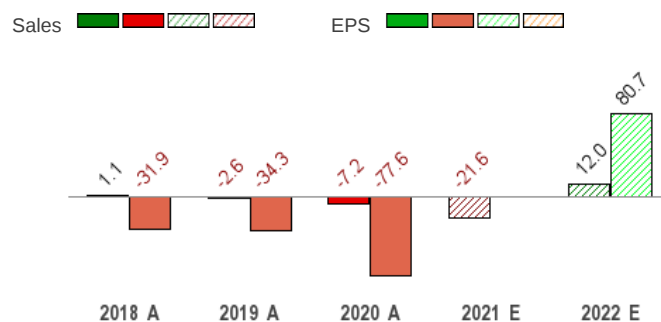
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$17.79 - \$3.43
20 Day Average Volume (sh)	15,769,107
Market Cap	\$813.8 M
YTD Price Change	-63.0%
Beta	2.10
Dividend / Div Yld	\$0.68 / 10.6%
Industry	Retail - Miscellaneous
Zacks Industry Rank	Bottom 17% (209 out of 253)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	81.0%
Last Sales Surprise	0.5%
EPS F1 Est- 4 week change	-491.5%
Expected Report Date	07/08/2020
Earnings ESP	0.0%
P/E TTM	13.9
P/E F1	NA
PEG F1	NA
P/S TTM	0.1

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2022	1,841 E	2,563 E	2,644 E	2,962 E	9,803 E
2021	1,298 E	2,184 E	2,527 E	2,926 E	8,752 E
2020	2,573 A	2,719 A	2,759 A	3,107 A	11,159 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2022	-\$0.75 E	\$0.24 E	\$0.03 E	\$0.85 E	-\$0.47 E
2021	-\$1.49 E	-\$0.51 E	-\$0.61 E	\$0.09 E	-\$2.43 E
2020	\$0.12 A	\$0.34 A	-\$0.38 A	\$0.38 A	\$0.46 A

*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 04/27/2020. The reports text is as of 04/28/2020.

Overview

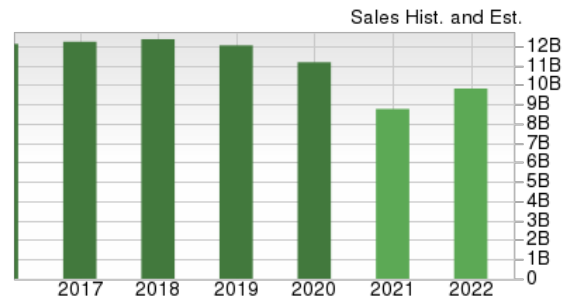
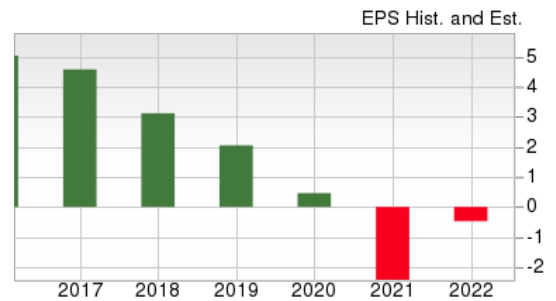
Bed Bath & Beyond Inc. is a leading operator of specialty retail stores in the United States and Canada. It is an omni-channel retailer, offering top-quality and differentiated products, services and solutions.

The company sells a variety of domestic merchandise and home furnishings under the names Bed Bath & Beyond ("BBB"), Christmas Tree Shops, Christmas Tree Shops and That! or and That! ("CTS"), Harmon, Harmon Face Values, or Face Values ("Harmon"), buybuy BABY ("Baby") and World Market, Cost Plus World Market or Cost Plus (collectively, "Cost Plus World Market").

The company provides a wide assortment of "everyday low price" products, primarily including domestic merchandise (such as bed linens, bath accessories, and kitchen textiles) and home furnishings (such as cookware, dinnerware, glassware and basic house ware). Bed Bath's product portfolio also includes food, giftware, health and beauty care items, along with infant and toddler merchandise. Notably, Bed Bath & Beyond's products can be bought either in-store, online, or via a customer contact center.

Additionally, the company operates an e-commerce website, featuring specially commissioned, limited edition items from emerging fashion and home designers such as OneKings Lane; PersonalizationMall.com ("PMall"); Chef Central, a retailer of kitchenware and homeware items; and Decorist, an online interior design platform providing personalized home design services. It also operates Linen Holdings, a provider of various textile products and other goods to institutional consumers in the hospitality, cruise line, healthcare and other industries.

As of Feb 29, the company had 1,500 stores in operation, comprising 976 namesake stores across 50 states, the District of Columbia, Puerto Rico and Canada; 261 stores under the labels World Market, Cost Plus World Market or Cost Plus; 126 buybuy BABY stores; 81 stores under the labels Christmas Tree Shops, Christmas Tree Shops and That! or and That!; 53 stores under Harmon, Harmon Face Values or Face Values names; and three stores under the label One Kings Lane. Additionally, the company's joint venture operates 10 flagship stores in Mexico.



Reasons To Buy:

▲ **Impressive Digital Growth in Q4:** After reporting dismal numbers for a while, Bed Bath & Beyond's sales in the digital platform got back on track in the fiscal fourth quarter, with digital sales improving 16%. The company recorded sales growth in the mobile platform to the tune of 30% for both Bed Bath & Beyond and buybuy BABY during the fiscal fourth quarter. Consequently, orders taken through the mobile app increased more than 75%. Notably, the company witnessed sturdy digital sales in March driven by increased online shopping due to the COVID-19 situation.

▲ **Efforts in the Wake of COVID-19:** Per the latest update, digital sales have surged more than 85% in April (as of Apr 25). Amid the crisis, the company's four e-commerce fulfillment centers remain operational. In a bid to expedite the delivery process and assign orders locally, it has converted roughly 25% of Bed Bath & Beyond and buybuy BABY stores in the United States and Canada into regional fulfillment centers. This has almost doubled its digital fulfillment capacity to cater to the rising digital sales. The company has also adopted curbside pick-up at all Harmon stores and launched BOPIS and curbside pick-up at all buybuy BABY and Bed Bath & Beyond stores in Canada. In accordance with the modified instructions, the company also plans to extend BOPIS and contactless curbside pick-up at some Bed Bath & Beyond stores, initially starting with some locations in Florida and Texas. Driven by the extensions of services and enhanced fulfillment requirements for online sales, several hundreds of employees have made come back to the stores, exiting furloughs. Additionally, the company has created several new positions in distribution centers to meet the growing online demand.

Once the situation normalizes and the stores reopen, both BOPIS and curbside pickup services will be rolled out across all stores. In this context, management remains focused on prioritizing \$250 million of capital expenditure for investments in digital space and BOPIS in fiscal 2020 and beyond.

▲ **Transformation Plan Drives Optimism:** Bed Bath & Beyond remains well on track with its transformation plan, positioning it well for success in a dynamic retail landscape. Management has set four major near-term priorities – stabilize and boost top-line growth; reset the cost structure; review and optimize its asset base with its portfolio of retail banners as well as refine the organization structure. It expects to boost revenue growth by focusing on portfolio strategy alignment including product assortment, customer engagement, learnings from Next Generation Lab stores and expanded online experience. Margins are likely to improve through changes in assortment mix to increase sales, supply chain, and modifications in pricing and coupon strategy. Improvements in store labor model, marketing initiatives and lower occupancy expenses are expected to optimize SG&A. Furthermore, the company will focus on spending in human capital, data, process improvements, repositioning its flagship brand and reinforcing the global sourcing capabilities.

As part of these efforts, the company has been reviewing the retail space and owned real estate portfolio to optimize asset base. It has completed the sale-leaseback transaction with an affiliate of Oak Street Real Estate Capital, garnering net proceeds of more than \$250 million. The deal included roughly 2.1 million square feet of commercial space with a distribution facility, corporate office in New Jersey and retail outlets.

▲ **Restructuring Program:** As part of its efforts to rebuild its business foundation and create a durable business model, Bed Bath & Beyond announced a strategic restructuring program. The program comprises efforts to reorganize and simplify field operations, reduce management positions and outsource several functions. Consequently, the company revealed plans to cut nearly 500 positions to reduce workforce. This is a key step in its efforts to generate significant cost savings in the long term. The company expects this action to result in nearly \$85 million of reduction in annual SG&A expenses. This will in turn result in strategic realignment for improved focus on core business and initiatives to enhance customer experience, boost sales and drive long term success. The company incurred \$41 million of severance cost related to the restructuring plan in fourth-quarter fiscal 2019.

▲ **Store-Rationalization Efforts to Drive Sales:** Bed Bath & Beyond is in the process of strategically expanding its store count apart from increasing productivity of existing stores by adjusting the breadth and depth of its merchandise offerings to suit customer preferences. In fiscal fourth quarter, Bed Bath & Beyond inaugurated two buybuy BABY stores. Simultaneously, it closed 26 outlets, including five namesake stores, 17 Cost Plus World Market stores, and two buybuy BABY and Harmon Face Values stores each. In the long run, it expects to operate more than 1,300 Bed Bath & Beyond stores across the United States and Canada, and also plans to expand other concepts from coast to coast. Moreover, the company remains focused on expanding, renovating and relocating stores to adapt to the changing market conditions. Additionally, the Next Generation Lab stores, where it is testing various experiences and visual merchandising, are expected to boost customer experience, and in turn, drive sales and profitability.

Bed Bath & Beyond is on track with its Transformation plan. As a result, the company plans to boost the top line, reset the cost structure, optimize its asset base and refine the organization base.

Reasons To Sell:

▼ **Impacts of COVID-19 Hurt Stock:** Shares of Bed Bath & Beyond have slumped 60.4% in the past three months compared with the industry's decline of 21.3%. The company is facing business disruptions, given the uncertainty related to the COVID-19 outbreak. All of the company's retail banners, except for buybuy BABY and Harmon Face Values stores, in the United States and Canada are closed since Mar 23, until at least May 16. Moreover, it is cutting on costs by furloughing the majority of employees in stores and some corporate associates until up to May 16. Further, it is temporarily reducing salaries for its executive team by 30%, while the chairman of the board and independent directors will give up 30% of their quarterly cash compensations.

Bed Bath & Beyond has extended store closures, furloughed staff, reduced costs, deferred capital expenditure and suspended share repurchase plans as a result of uncertain COVID-19 impacts.

Among other actions, it has drawn down the remaining \$236 million in its revolving credit facility. It is also reducing expenses, including lowering inventory levels and extending payment terms for goods and services. Further, the company is deferring \$150 million of planned non-essential capital expenditure and prioritizing \$250 million of capital expenditure for investments in digital and Buy Online Pick Up In Store. It has also postponed its share repurchases, dividends and debt reduction until further notice. Moreover, it has suspended store remodeling plans and anticipates adverse impacts on its first-quarter and fiscal 2020 results. Currently, it refrained from providing any guidance for fiscal 2020.

▼ **Debt Analysis:** As of Feb 29, 2020, Bed Bath & Beyond's long-term debt of \$3,307.2 million increased 2% sequentially. Moreover, the company's total debt-to-capitalization ratio of 0.68 stands higher than the sub industry's ratio of 0.66. Also, debt-to-capitalization ratio reflects a sequential increase from 0.67 at the end of the prior quarter. Further, the company's debt load appears too high when compared with cash and cash equivalents of \$1,000.3 million as of Feb 29, 2020.

▼ **Soft Q4 Earnings & Sales:** Despite reporting earnings and sales beat in the fiscal fourth quarter, Bed Bath & Beyond's bottom line plummeted 86.3% from \$1.20 per share in the year-ago quarter. Results were hurt by soft store traffic, higher promotions and headwinds related to inventory management during the holiday season. Increased clearance activities also dented the quarterly results. Moreover, net sales fell 6.1% driven by comps decline.

▼ **Weak Comps Trend:** Bed Bath & Beyond has been witnessing soft comparable sales (comps) for a while due to decline in the number of store transactions, which continued in the fiscal fourth quarter. Notably, comps declined 5.6% in the fiscal fourth quarter due to a high-single-digit decline in transactions, somewhat offset by a low-single-digit increase in the average transaction amount. Also, soft store traffic, higher promotions and headwinds related to inventory management during the holiday season dented comps to some extent. The company's comps also include the impacts of shift of the Cyber Monday holiday week into the fourth quarter of fiscal 2019 compared with its occurrence in the third quarter of fiscal 2018. Adjusting for this shift in both periods, comps fell 11% in the reported quarter. The decline resulted from a loss of 13.6% in store sales, somewhat offset by a rise of 1.1% in digital sales.

▼ **Dismal Margins & High Costs:** Gross margin for the fiscal fourth quarter decreased 210 basis points (bps) owing to lower merchandise margin due to increased promotions. Further, adjusted SG&A, as a percentage of net sales, rose 250 bps, mainly owing to 100 bps of consulting expenses related to the ongoing transformation initiatives, review of assets and rise in advertising costs. Further, the company incurred an operating loss of \$81.2 million as compared to \$296.7 million in the year-ago quarter.

Last Earnings Report

Bed Bath & Beyond Q4 Earnings & Sales Beat Estimates

Bed Bath & Beyond reported better-than-expected sales and earnings in fourth-quarter fiscal 2019. However, both top and bottom lines declined on a year-over-year basis.

Results were hurt by soft store traffic, higher promotions and headwinds related to inventory management during the holiday season. Increased clearance activities also dented the quarterly results. That said, the company is progressing well with its inventory reduction program and has already reduced half of its inventory. Moreover, it expects to lower the remaining inventory by fiscal 2020.

Additionally, the company is facing business disruptions, given the uncertainty related to the COVID-19 outbreak. To this end, it has suspended its store remodeling plans and anticipates adverse impacts on its first-quarter and fiscal 2020 results. Consequently, it refrained from providing any guidance for fiscal 2020.

Q4 in Detail

Bed Bath & Beyond reported adjusted earnings of 38 cents per share for the fiscal fourth quarter, down 86.3% from \$1.2 in the year-ago quarter. However, the figure surpassed the Zacks Consensus Estimate for earnings of 21 cents.

Net sales fell 6.1% to \$3,107 million but exceeded the Zacks Consensus Estimate of \$3,092 million. Although the solid performance during Cyber Monday contributed to the quarterly results, the downside was caused by comps decline of 5.6%. Comps decreased due to a high-single-digit decline in transactions, somewhat offset by a low-single-digit increase in the average transaction amount.

Adjusting for the calendar shift, including Cyber Monday weeks, comps fell 11% in the reported quarter. The decline resulted from a loss of 13.6% in store sales, somewhat offset by a rise of 1.1% in digital sales.

Further, gross profit declined nearly 11.6% to \$1,013.7 million in the reported quarter. Also, adjusted gross margin contracted 210 basis points (bps) to 32.6%, mainly driven by lower merchandise margins on increased promotional activity and higher markdowns.

SG&A expenses advanced 10% to \$1,027 million, driven by gains from the company's cost structure and optimization efforts. As a percentage of net sales, adjusted SG&A increased 250 bps to 30.7%, mainly owing to 100 bps of consulting expenses related to the ongoing transformation initiatives, review of assets and rise in advertising costs.

Further, the company incurred an operating loss of \$81.2 million as compared to \$296.7 million in the year-ago quarter.

Financial Position

Bed Bath & Beyond ended fiscal 2019 with cash and investments of roughly \$1.4 billion. Long-term debt totaled \$1,488.4 million and total shareholders' equity was \$1,764.9 million, as of Feb 29, 2020.

In fiscal 2019, the company generated cash flow of about \$590.9 million from operating activities and deployed nearly \$277 million toward capital expenditures. However, the company has deferred \$150 million of planned non-essential capital expenditure in light of the ongoing COVID-19 pandemic.

In the reported quarter, Bed Bath & Beyond did not repurchase any share. Further, it has suspended plans to utilize up to \$600 million for lowering debt, share repurchases and dividends.

Store Update

In fourth-quarter fiscal 2019, Bed Bath & Beyond inaugurated two buybuy BABY stores and closed 26 outlets, including five namesake stores, 17 Cost Plus World Market stores, two buybuy BABY stores and two Harmon Face Values stores.

As of Feb 29, the company had 1,500 stores in operation, comprising 976 namesake stores across 50 states, the District of Columbia, Puerto Rico and Canada; 261 stores under the labels World Market, Cost Plus World Market or Cost Plus; 126 buybuy BABY stores; 81 stores under the labels Christmas Tree Shops, Christmas Tree Shops and That! or That!; 53 stores under Harmon, Harmon Face Values or Face Values names; and three stores under the label One Kings Lane. Additionally, the company's joint venture operates 10 flagship stores in Mexico.

Business Developments

In response to the COVID-19 pandemic, the company extended store closures across the United States and Canada at least until May 2. Moreover, it is cutting on costs by furloughing the majority of employees in stores and some corporate associates until up to May 2. Further, the company is temporarily reducing salaries for its executive team by 30%. Meanwhile, the chairman of the board and independent directors will also give up 30% of their quarterly cash compensations.

Among other actions, it has drawn down the remaining \$236 million from its revolving credit facility. It is also reducing expenses by lowering inventory levels and extending payment terms for goods and services. Further, the company has decided to cut down on discretionary expenses, including travel, advertising and store maintenance.

However, the company's four e-commerce fulfillment centers remain operational. In a bid to expedite the delivery process and assign orders locally, it is on track to convert roughly 25% of Bed Bath & Beyond and buybuy BABY stores in the United States and Canada into regional fulfillment centers. Also, the company launched a curbside pickup facility on Apr 1 at buybuy BABY stores and is working toward introducing this facility at Harmon stores by this week. Besides, the Buy Online Pick Up In Store option will be rolled out at its BABY stores this week.

Quarter Ending 02/2020

Report Date	Apr 15, 2020
Sales Surprise	0.49%
EPS Surprise	80.95%
Quarterly EPS	0.38
Annual EPS (TTM)	0.46

Once the situation normalizes and the stores reopen, both BOPIS and curbside pickup services will be rolled out across all stores. In this context, management remains focused on prioritizing \$250 million of capital expenditure for investments in digital space and Buy Online Pick Up In Store.

Apart from these, the company has entered into a definitive agreement to sell the PersonalizationMall.com business to 1-800-Flowers. The deal worth \$252 million was supposed to be closed on Mar 30 but 1-800-Flowers.com was short of resources owing to COVID-19.

Recent News

Some Bed Bath & Beyond are Back to Work as Digital Sales Rise – Apr 25, 2020

Looking at the safety of customers and employees, Bed Bath & Beyond has further extended store closures, except that of buybuy BABY and Harmon Face Values stores, until May 16. However, the company has expanded its locations for Buy-Online-Pick-Up-In-Store (BOPIS), where customers can avail contactless and curbside pick-up.

Driven by the extensions of services and enhanced fulfillment requirements for online sales, several hundreds of employees have made come back to the stores, exiting furloughs. Additionally, the company has created several new positions in distribution centers to meet the growing online demand, where sales have increased more than 85% so far in April.

Bed Bath & Beyond has acted promptly to make most of the rapidly changing retail dynamics by converting 25% of its stores across the United States and Canada into regional fulfillment centers. This has almost doubled its digital fulfillment capacity to cater to the rising digital sales. The company has also adopted curbside pick-up at all Harmon stores and launched BOPIS and curbside pick-up at all buybuy BABY and Bed Bath & Beyond stores in Canada.

In accordance with the modified instructions, the company also plans to extend BOPIS and contactless curbside pick-up at some Bed Bath & Beyond stores, initially starting with some locations in Florida and Texas.

However, with the extension of store closures until May 16, furloughs for most store and corporate associates remain extended at least up to the same period.

Bed Bath & Beyond Takes Actions on Coronavirus Woes, Files Suit for PMall Sale – Apr 2, 2020

In its efforts to curb the growing number of COVID-19 cases, Bed Bath & Beyond extended store closures across the United States and Canada at least until May 2. The company's all retail banners, except for buybuy BABY and Harmon Face Values ("Harmon") stores, in the United States and Canada is closed since Mar 23.

In connection with extended store closures, the company plans to follow the suit of most retailers to cut on costs, including furloughing the majority of employees in stores and some corporate associates until up to May 2. However, it will pay 100% of healthcare premiums for all furloughed employees during the period. Also, eligible employees can apply for unemployment benefits.

Further, the company is temporarily reducing salaries for its executive team by 30%. Meanwhile, the chairman of the board and independent directors will also give up 30% of their quarterly cash compensations.

Among other actions, it has drawn down the remaining \$236 million in its revolving credit facility. It is also reducing expenses, including lowering inventory levels and extending payment terms for goods and services. Further, the company is deferring \$150 million of planned non-essential capital expenditure and prioritizing \$250 million of capital expenditure for investments in digital and Buy Online Pick Up In Store. It is also postponing its share repurchases, dividends and debt reduction until further notice.

Apart from disrupting retailers' business everywhere, the coronavirus pandemic has also put Bed Bath & Beyond's previously agreed deal with 1-800-Flowers.Com Inc. to sell PersonalizationMall.com ("PMall") in question. Per media reports, Bed Bath & Beyond has filed a complaint with Delaware's Court of Chancery to restore its \$252 million worth deal with the 1-800-Flowers.Com.

1-800-Flowers.Com intimated on Mar 24 that it did not have the resources to close the deal and integrate the business due to the COVID-19 outbreak. It requested to postpone the closing of the deal to Apr 30, which was earlier scheduled to close on Mar 30.

Following this, Bed Bath & Beyond filed a lawsuit on Apr 1, stating that any party is not allowed to withdraw its obligations due to a calamity such as COVID-19.

Bed Bath & Beyond to Close More Stores Amid Coronavirus Scare – Mar 22, 2020

After shutting more than 50% of its stores last week, Bed Bath & Beyond said it will close all retail stores in the United States and Canada (barring a few) to contain the spread of COVID-19. The home furnishing retailer will shut down all retail outlets, except buybuy BABY and Harmon Face Values ('Harmon') stores, from Mar 23 until Apr 3, 2020. With this, the company will have just about 175 stores operating out of 1500. Management will continue to make payments alongside offering benefits to workers employed for the abovementioned period. Further, the company will make certain essential products available in its stand-alone buybuy BABY and Harmon stores, including infant, personal and health care products. Also, the company is making efforts to improve delivery services to offer other important products to its loyal customers. To this end, it is improving its e-commerce operations and regional distribution channel.

Bed Bath & Beyond Closes Over 50% Stores to Contain Coronavirus Spread – Mar 19, 2020

Bed Bath & Beyond is taking all possible measures amid the growing spread of coronavirus. As part of the efforts, the company closed roughly 800 store locations (over 50%), which don't sell health and personal care products. Meanwhile, 700 stores with essential items, such as buybuy BABY, Harmon and other concepts, as well as any Bed Bath & Beyond stores that has health and personal care department, continued to operate to meet customers' daily needs.

Valuation

Bed Bath & Beyond shares are down 62.9% in the year-to-date period and 62% for the trailing 12-month period. Stocks in the Zacks sub-industry are down 21.8% while the Zacks Retail-Wholesale sector is up 1.3%, in the year-to-date period. Over the past year, the Zacks sub-industry is down 36.9% but the sector is up 6%.

The S&P 500 index is down 10.8% in the year-to-date period and 2.9% in the past year.

The stock is currently trading at 0.09X forward 12-month sales, which compares to 0.92X for the Zacks sub-industry, 1.02X for the Zacks sector and 3.23X for the S&P 500 index.

Over the past five years, the stock has traded as high as 1.02X and as low as 0.04X, with a 5-year median of 0.27X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$8.00 price target reflects 0.11X forward 12-month sales.

The table below shows summary valuation data for BBBY

Valuation Multiples - BBBY					
		Stock	Sub-Industry	Sector	S&P 500
P/S F12M	Current	0.09	0.92	1.02	3.23
	5-Year High	1.02	1.36	1.11	3.44
	5-Year Low	0.04	0.74	0.8	2.54
	5-Year Median	0.27	1.14	0.93	3.01
P/B TTM	Current	0.46	5.27	4.67	3.81
	5-Year High	4.99	10.81	5.88	4.55
	5-Year Low	0.26	3.56	3.6	2.84
	5-Year Median	1.2	7.62	4.83	3.64
EV/EBITDA TTM	Current	3.89	13.7	15.54	10.52
	5-Year High	7.95	18.82	16.35	12.87
	5-Year Low	1.86	10.29	10.9	8.27
	5-Year Median	3.71	15.24	12.54	10.78

As of 04/27/2020

Industry Analysis Zacks Industry Rank: Bottom 17% (209 out of 253)



Top Peers

Company (Ticker)	Rec	Rank
Burlington Stores, Inc. (BURL)	Neutral	4
DICKS Sporting Goods, Inc. (DKS)	Neutral	3
Genesco Inc. (GCO)	Neutral	3
Tractor Supply Company (TSCO)	Neutral	3
Zumiez Inc. (ZUMZ)	Neutral	3
Five Below, Inc. (FIVE)	Underperform	5
Hibbett Sports, Inc. (HIBB)	Underperform	5
The Michaels Companies, Inc. (MIK)	Underperform	5

Industry Comparison Industry: Retail - Miscellaneous				Industry Peers		
	BBBY	X Industry	S&P 500	DKS	MIK	TSCO
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Underperform	Neutral
Zacks Rank (Short Term)	3	-	-	3	5	3
VGM Score	C	-	-	A	A	D
Market Cap	813.82 M	945.26 M	19.77 B	2.58 B	411.17 M	11.96 B
# of Analysts	10	3.5	14	10	4	14
Dividend Yield	10.61%	0.00%	2.13%	4.20%	0.00%	1.36%
Value Score	B	-	-	A	A	C
Cash/Price	2.09	0.21	0.06	0.03	1.18	0.04
EV/EBITDA	18.03	8.47	12.09	7.47	6.28	15.51
PEG Ratio	NA	1.77	2.36	1.94	0.45	1.92
Price/Book (P/B)	0.46	0.98	2.70	1.43	NA	8.84
Price/Cash Flow (P/CF)	0.90	4.44	10.70	4.14	0.92	15.90
P/E (F1)	NA	14.05	18.72	16.26	2.09	21.80
Price/Sales (P/S)	0.07	0.29	2.12	0.30	0.08	1.41
Earnings Yield	-37.91%	7.04%	5.19%	6.16%	47.86%	4.59%
Debt/Equity	1.87	1.00	0.72	1.55	-2.77	2.27
Cash Flow (\$/share)	7.16	3.12	7.01	7.18	3.06	6.49
Growth Score	C	-	-	A	B	C
Hist. EPS Growth (3-5 yrs)	-30.46%	9.66%	10.88%	4.17%	10.09%	11.94%
Proj. EPS Growth (F1/F0)	-627.17%	-28.70%	-5.87%	-50.46%	-36.37%	1.05%
Curr. Cash Flow Growth	-19.13%	6.68%	5.92%	6.18%	-14.92%	7.18%
Hist. Cash Flow Growth (3-5 yrs)	-5.23%	2.72%	8.55%	2.61%	1.68%	9.40%
Current Ratio	1.55	1.47	1.23	1.16	1.34	1.66
Debt/Capital	65.20%	57.36%	43.90%	60.73%	NA	69.41%
Net Margin	-5.50%	3.40%	11.32%	3.40%	5.37%	6.71%
Return on Equity	3.03%	11.71%	16.60%	18.72%	-20.71%	38.38%
Sales/Assets	1.41	1.41	0.55	1.27	1.35	1.54
Proj. Sales Growth (F1/F0)	-21.57%	-3.12%	-1.15%	-8.16%	-3.12%	5.92%
Momentum Score	F	-	-	F	B	D
Daily Price Chg	22.56%	4.76%	2.63%	7.56%	18.64%	1.09%
1 Week Price Chg	9.19%	3.58%	-1.74%	4.34%	-2.48%	9.99%
4 Week Price Chg	52.62%	18.74%	8.71%	34.28%	70.73%	20.50%
12 Week Price Chg	-56.94%	-27.27%	-17.57%	-32.29%	-44.00%	9.19%
52 Week Price Chg	-61.94%	-41.28%	-11.60%	-21.20%	-75.84%	-1.53%
20 Day Average Volume	15,769,107	555,934	2,734,148	3,564,198	4,364,598	1,797,052
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	-10.87%	0.00%	-0.58%
(F1) EPS Est 4 week change	-491.46%	-8.34%	-6.57%	-42.84%	-17.84%	-5.53%
(F1) EPS Est 12 week change	-274.18%	-40.60%	-12.64%	-51.91%	-39.69%	-9.43%
(Q1) EPS Est Mthly Chg	-98.14%	-63.40%	-10.33%	-130.77%	-71.67%	-10.55%

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	B
Growth Score	C
Momentum Score	F
VGM Score	C

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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