

# Bed Bath & Beyond Inc.

**Recommendation** BUY ★★☆☆☆

**Price**  
\$21.76 (as of Feb 09, 2018 4:00 PM ET)

**12-Mo. Target Price**  
\$24.00

**Report Currency**  
USD

**Investment Style**  
Mid-Cap Value

**Equity Analyst** Victor Ahluwalia

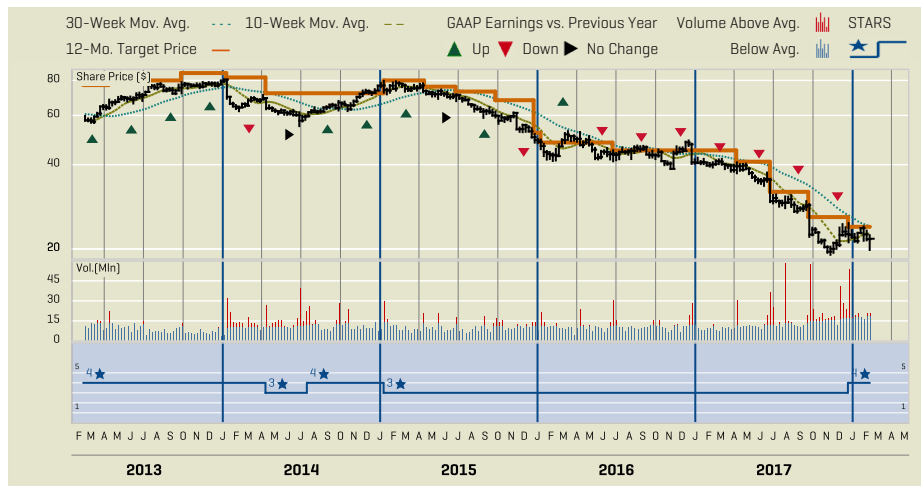
**GICS Sector** Consumer Discretionary  
**Sub-Industry** Homefurnishing Retail

**Summary** This company operates a nationwide chain of some 1,020 Bed Bath & Beyond superstores selling better-quality domestics merchandise and home furnishings.

**Key Stock Statistics** (Source: CFRA, S&P Global Market Intelligence (SPGMI), Company Reports)

52-Wk Range	<b>\$41.96 - 19.07</b>	Oper. EPS 2018E	<b>3.00</b>	Market Capitalization(B)	<b>\$3.099</b>	Beta	<b>1.08</b>
Trailing 12-Month EPS	<b>3.52</b>	Oper. EPS 2019E	<b>2.99</b>	Yield (%)	<b>2.76</b>	3-Yr Proj. EPS CAGR(%)	<b>1</b>
Trailing 12-Month P/E	<b>6.20</b>	P/E on Oper. EPS 2018E	<b>7.27</b>	Dividend Rate/Share	<b>\$0.60</b>	SPGMI's Quality Ranking	<b>B+</b>
\$10K Invested 5 Yrs Ago	<b>\$3,763</b>	Common Shares Outstg.(M)	<b>142.41</b>	Institutional Ownership (%)	<b>97</b>		

**Price Performance**



Source: CFRA, S&P Global Market Intelligence

Past performance is not an indication of future performance and should not be relied upon as such.

Analysis prepared by Equity Analyst Victor Ahluwalia on Dec 22, 2017 09:17 AM, when the stock traded at \$21.50.

**Highlights**

- ▶ We see sales flat to slightly higher in FY 18 (Feb.), with 10 to 15 net new stores and a 53rd fiscal week, vs. 52 weeks in FY 17, partly offset by between 2.0% to 2.5% lower same-store sales. We see same-store sales reflecting higher (20%+) online sales and modest gains in average ticket, outweighed by lower foot traffic. Revenues will likely remain flat in FY 18 and fall about 1% in FY 19.
- ▶ We look for gross margin contraction in FY 18, as higher delivery costs and pricing pressure, including more promotional and coupon related expenses, weigh on profitability. Operating margin should also contract due to higher technology costs and greater depreciation charges from ongoing investments, including a new distribution center. But we anticipate ongoing technology investments to improve the company's omni-channel positioning in FY 19.
- ▶ We expect net interest expense at between \$70 million and a higher tax rate in FY 18. Cash will likely be used to fund share repurchases in 2017, with \$1.5 billion available as of November 2017. We expect capital spending of about \$375 million and depreciation of about \$315 million.

**Investment Rationale/Risk**

- ▶ Sales of soft goods should remain relatively strong as consumers look for ways to spruce up their homes in a low-cost manner. BBBY is more than 75% on the way to reaching its long-term goal of 1,300 stores, so we expect square footage growth of only about 1%-3% a year over the medium term. We anticipate BBBY to continue healthy e-commerce growth as it attempts to develop a strong omni-channel presence.
- ▶ Risks to our recommendation and target price include an unexpected decline in consumer spending, an unanticipated shift in spending away from home-centric products, and integration risks from recent acquisitions.
- ▶ Our 12-month target price of \$24 is 8X our FY 19 EPS estimate. Our multiple is towards the low end of the company's historical range and at a discount against peers, as we see limited sales growth and continued margin pressure. But despite challenging retail performance, we think that BBBY is undervalued at current levels with respect to its ability to generate free cash flow. BBBY currently pays a \$0.15 quarterly dividend and should benefit from tax savings arising out of the new U.S. tax bill.

**Analyst's Risk Assessment**

LOW	MEDIUM	HIGH
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Our risk assessment reflects the cyclical nature of the home furnishings retail industry, which relies heavily on consumer spending, and, to a lesser extent, housing turnover, offset by significant growth we see in major domestic metro markets and Canada.

**Revenue/Earnings Data**

Revenue (Million U.S. \$)	1Q	2Q	3Q	4Q	Year
2019	--	--	--	--	--
2018	2,742	2,936	2,955	--	--
2017	2,738	2,988	2,955	3,534	12,216
2016	2,738	2,995	2,952	3,418	12,104
2015	2,657	2,945	2,943	3,337	11,881
2014	2,612	2,824	2,865	3,203	11,504

**Earnings Per Share (U.S. \$)**

	1Q	2Q	3Q	4Q	Year
2019	<b>E 0.43</b>	<b>E 0.63</b>	<b>E 0.37</b>	<b>E 1.37</b>	<b>E 2.99</b>
2018	0.53	0.67	0.44	<b>E 1.30</b>	<b>E 3.00</b>
2017	0.80	1.11	0.85	1.84	4.58
2016	0.93	1.21	1.09	1.91	5.10
2015	0.93	1.17	1.23	1.80	5.07
2014	0.93	1.16	1.12	1.60	4.79

Fiscal year ended Feb 28. Next earnings report expected: Mid Apr. EPS Estimates based on CFRA's Operating Earnings; historical GAAP earnings are as reported in Company reports.

**Dividend Data**

Amount (\$)	Date Decl.	Ex-Div. Date	Stk. of Record	Payment Date
0.125	Dec 21	Mar 15	Mar 17	Apr 18 '17
0.15	Apr 05	Jun 14	Jun 16	Jul 18 '17
0.15	Jun 22	Sep 14	Sep 15	Oct 17 '17
0.15	Sep 19	Dec 14	Dec 15	Jan 16 '18
0.15	Dec 20	Mar 15	Mar 16	Apr 17 '18

Dividends have been paid since 2016. Source: Company reports.

**Past performance is not an indication of future performance and should not be relied upon as such.**

Forecasts are not reliable indicator of future performance.

## Bed Bath & Beyond Inc.

### Business Summary December 22, 2017

**CORPORATE OVERVIEW.** Bed Bath & Beyond operates one of the largest U.S. chains of superstores selling domestics merchandise and home furnishings. BBBY stores predominantly range in size from 18,000 sq. ft. to 50,000 sq. ft., with some encompassing 100,000 sq. ft. The company has grown rapidly, from 34 stores at the end of FY 93 (Feb.) to 1,023 Bed Bath & Beyond stores in 50 states, the District of Columbia, Puerto Rico and Canada at year-end FY 17. BBBY opened three net new Bed Bath & Beyond Stores stores in FY 17, after opening net 17 stores in FY 16. During FY 17, total square footage of all Bed Bath & Beyond-owned stores grew modestly to approximately 43.6 million sq. ft. Company stores are principally located in suburban areas of medium-sized and large cities. These stores are situated in strip and power strip shopping centers, as well as in major off-price and conventional malls, and freestanding buildings.

The company operated 113 BABY stores, a retailer of infant and toddler merchandise, in 35 states and Canada at year-end FY 17. Stores range in size from 28,000 to 60,000 square feet. The related web site is buybuyBaby.com.

In 2016, BBBY purchased One Kings Lane, Inc. an online authority in home decor and design offering a unique collection of select home goods, designer and vintage items; PersonalizationMall.com, an online retailer of personalized products; and some assets of Chef Central, a retailer of kitchenware, cookware and home-ware items catering to cooking and baking enthusiasts. In early 2017, the company acquired an online interior design platform that provides personalized home design service.

In May 2012, BBBY acquired Cost Plus for approximately \$495 million. Cost Plus is a specialty retailer of casual home furnishings and consumables such as gourmet food and drinks. Cost Plus operated 258 World Market retail stores in 30 states at the time of acquisition, and Bed Bath and Beyond operated 276 World Market stores at year-end FY 16.

At February 25, 2017 BBBY owned a total of 1,546 stores, across its chains.

In June 2012, BBBY acquired privately held Linen Holdings, for approximately \$105 million. Linen Holdings, LLC is a distributor of bath, bed and table linens, other textile products and amenities to customers in the hospitality, cruise line, food services, health care and other industries.

Bed Bath & Beyond is also a partner in a joint venture that operates three stores in the Mexico City market under the name, "Bed Bath and Beyond."

BBBY thinks that the breadth and depth of selection it offers in most product categories exceeds what is generally available in department stores or other specialty retail stores, and that this enables it to offer customers the convenience of one-stop shopping for most household items. The company sells domestics merchandise such as bed linens, sheets, comforters, bedspreads, draperies, pillows and blankets. Bath accessories include towels, shower curtains, waste baskets, hampers and rugs. Kitchen textiles include tablecloths, placemats, napkins and dish towels. BBBY stores also sell home furnishings such as kitchen and tabletop items, including cookware, cutlery, flatware and glassware; basic housewares, consisting of storage items and closet items; small electric appliances such as blenders, coffee makers, vacuum cleaners, toaster ovens and hair dryers; and miscellaneous gift items, consisting of picture frames, luggage, small toys and seasonal merchandise.

**CORPORATE STRATEGY.** BBBY intends to continue its expansion plans, and thinks the domestic market can support in excess of 1,300 Bed Bath & Beyond stores. In addition to domestic growth, BBBY opened its first store in Canada in December 2007. The company divested non-North American operations to focus on its core home market.

### Corporate Information

#### Investor Contact

S. E. Lattmann (908-688-0888)

#### Office

650 Liberty Avenue, Union, New Jersey 07083

#### Telephone

908-688-0888

#### Website

www.bedbathandbeyond.com

#### Officers

<b>Chief Executive Officer &amp; Director</b>	<b>Vice President of Technology &amp; Operations</b>
S. H. Temares	K. Wanner
<b>President &amp; Chief Merchandising Officer</b>	<b>Vice President of Legal and General Counsel</b>
A. Stark	A. N. Rauch
<b>Chief Operating Officer</b>	<b>CFO &amp; Treasurer</b>
E. A. Castagna	S. E. Lattmann

#### Board Members

D. S. Adler	S. F. Barshay
J. Heller	S. H. Temares
K. Eppler	V. A. Morrison
L. J. Feinstein	V. P. Ruestherholz
P. R. Gaston	W. Eisenberg

#### Domicile

New York

#### Founded

1971

#### Employees

65,000

#### Stockholders

6,100

#### Auditor

KPMG LLP - Klynveld Peat Marwick Goerdeler



# Bed Bath & Beyond Inc.

## Sub-Industry Outlook

Our fundamental outlook for the homefurnishing retail sub-industry is positive. We think macroeconomic trends such as an improving housing market, stronger underlying employment trends, more available consumer credit and an increasing national savings rate will lead to gains for the sub-industry throughout 2017. Still, we expect that, in general, consumers will remain hesitant to buy big-ticket furniture items. We also think raw material cost increases may put some pressure on retailers' margins.

We view the homefurnishing retail sub-industry as intensely competitive, with retailers looking for ways to broaden product offerings as they add square footage to their stores. General merchandise stores such as Target and Wal-Mart are contributing to this, in our view, and have been offering a greater amount of homefurnishing items at discount prices. While inventory levels have been cut, negating the likelihood of significant discounting, we expect modest promotional activity as companies look to attract value-conscious shoppers.

We think the homefurnishing retail sub-industry is largely fueled by the housing market, which is sensitive to changes in interest rates. Following a boom in the housing market in the early to mid-2000s, housing starts fell precipitously to a trough level of 554,000 in 2009. While starts improved slightly in 2010 and 2011, 2012 brought about a much stronger recovery. In fact, starts rose 28.0% in 2012; 18.9% in 2013, to 930,000; to 1,000,000 in 2014; and to 1,110,000 in 2015. Action Economics estimates growth will be 3.9% in 2017, rising to 1,233,000, from 2016's 1,177,000. Starts at this pace should fuel increasing sales of home furnishings, in our view. Sales of furnishings typically lag the housing market by several quarters, so we think the pace of sales should continue to progress over the next six to 12

months.

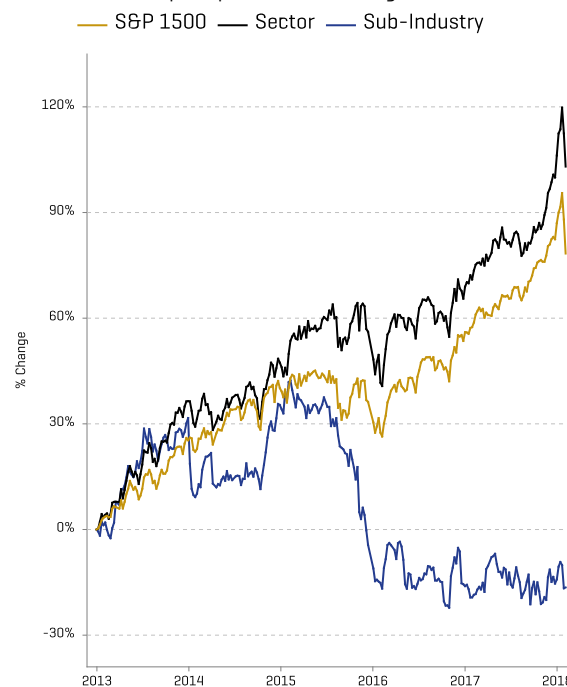
Year to date through October 13, the S&P Homefurnishing Retail Index fell 3.4%, versus the 13.5% increase in the S&P 1500. In 2016, the sub-industry index dropped 10.1% [after plunging 30.6% 2015], versus the 10.6% increase in the S&P 1500.

**/Efraim Levy, CFA**

## Industry Performance

**GICS Sector: Consumer Discretionary**  
**Sub-Industry: Homefurnishing Retail**

Based on S&P 1500 Indexes  
Five-Year market price performance through Feb 10, 2018



NOTE: All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS).

Past performance is not an indication of future performance and should not be relied upon as such.

Source: S&P Global Market Intelligence

## Sub-Industry: Homefurnishing Retail Peer Group\*: Homefurnishing Retail

Peer Group	Stock Symbol	Exchange	Currency	Recent Stock Price (\$)	Stk. Mkt. Cap. (M \$)	30-Day Price Chg. (%)	1-Year Price Chg. (%)	P/E Ratio	Fair Value Calc. (\$)	Yield (%)	Return on Equity (%)	LTD to Cap (%)
<b>Bed Bath &amp; Beyond Inc.</b>	<b>BBBY</b>	<b>NasdaqGS</b>	<b>USD</b>	<b>21.76</b>	<b>3,099</b>	<b>2.1</b>	<b>-46.0</b>	<b>6</b>	<b>48.00</b>	<b>2.8</b>	<b>26.0</b>	<b>35.4</b>
Aaron's, Inc.	AAN	NYSE	USD	39.46	2,792	0.8	31.7	21	51.54	0.3	9.8	17.6
At Home Group Inc.	HOME	NYSE	USD	30.60	1,853	-4.3	94.8	51	NA	Nil	6.0	33.3
BMTC Group Inc.	GBT	TSX	CAD	15.64	436	-14.5	19.8	12	NA	1.5	23.5	NA
Haverty Furniture Companies, Inc.	HVT	NYSE	USD	21.60	458	-4.2	-4.8	16	28.97	2.8	9.7	NA
Kirkland's, Inc.	KIRK	NasdaqGS	USD	10.74	172	-8.5	-8.0	26	14.45	Nil	8.7	NA
Leon's Furniture Limited	LEFU.F	OTCPK	USD	14.02	1,071	-3.1	2.2	15	NA	2.7	13.3	30.7
RH	RH	NYSE	USD	86.70	1,848	-5.2	235.4	NM	49.30	Nil	0.6	33.4
Sleep Country Canada Holdings Inc.	ZZZ	TSX	CAD	31.87	935	-6.7	10.9	22	22.99	2.1	19.9	30.9
Sleep Number Corporation	SNBR	NasdaqGS	USD	35.17	1,400	-7.2	66.4	25	NA	Nil	26.9	NA
Williams-Sonoma, Inc.	WSM	NYSE	USD	51.81	4,361	-2.6	9.2	15	54.00	3.0	25.0	NA

\*For Peer Groups with more than 10 companies or stocks, selection of issues is based on market capitalization.

NA-Not Available NM-Not Meaningful.

Note: Peers are selected based on Global Industry Classification Standards and market capitalization. The peer group list includes companies with similar characteristics, but may not include all the companies within the same industry and/or that engage in the same line of business.

## Bed Bath & Beyond Inc.

### Analyst Research Notes and other Company News

#### December 21, 2017

12:33 pm ET... CFRA RAISES OPINION ON SHARES OF BED BATH & BEYOND INC. TO BUY FROM HOLD (BBBY 21.4001\*\*\*): We lower our 12-month target by \$2 to \$24, or 8X our FY 19 EPS estimate of \$2.99 (down by \$0.21). We reduce our FY 18 EPS estimate by \$0.12 to \$3.00. We value BBBY at the lower end of its historical P/E range in light of weak sales trends and gross margin pressures, which we expect to persist. BBBY reported Nov-Q EPS of \$0.44 vs. \$0.85, beating consensus by \$0.06. Sales were 1.75% above consensus led by increases in digital channels and offset by lower store traffic. Despite challenging retail trends, we view BBBY as currently undervalued relative to its cash generation ability. /Victor Ahluwalia

#### September 20, 2017

10:41 am ET... CFRA REITERATES HOLD OPINION ON SHARES OF BED BATH & BEYOND (BBBY 22.95\*\*\*): We lower our 12-month target price by \$6 to \$26, or 8.1X our FY 19 EPS estimate of \$3.20 (down by \$0.82). We reduce FY 18's EPS projection by \$0.93 to \$3.12. Our target is toward the lower end of BBBY's historical P/E range as we see soft sales trends and margin pressure. Posts adjusted Aug-Q EPS of \$0.75 vs. \$0.11, missing the \$0.95 consensus estimate. Sales were 2.2% below the consensus forecast on lower traffic. Hurricane Harvey also weighed on sales and hurt EPS by about \$0.02. Online sales growth exceeded 20%, but in-store same-store comparisons were down mid-single digits. /Efraim Levy, CFA

#### June 23, 2017

10:49 am ET... CFRA REITERATES HOLD OPINION ON SHARES OF BED BATH & BEYOND INC. (BBBY 29.87\*\*\*): We lower our 12-month target price by \$9 to \$32, or 8X our FY 18 EPS estimate of \$4.05 (down \$0.25). We reduce FY 19's EPS by \$0.30 to \$4.02. Our target is toward the lower end of BBBY's historical P/E range as we see weak sales trends and margin pressure, as the industry sees greater online sales. After \$0.05 of higher tax costs from an accounting change, posts May-Q EPS of \$0.53 vs. \$0.80, missing our \$0.66 estimate. Sales were 1.9% below the consensus forecast on softer traffic. Online sales growth exceeded 20%, but in-store same-store comparisons deteriorated sequentially. /E. Levy-CFA

#### April 10, 2017

On April 5, 2017, Geraldine T. Elliott, a director of Bed Bath & Beyond Inc. notified the Board of Directors of the company of her decision not to stand for reelection as a director nominee at the company's 2017 Annual Meeting of Shareholders. Ms. Elliott will continue to serve on the Board through the end of her term, which will occur at the end of the 2017 Annual Meeting. Ms. Elliott's decision not to seek reelection was not the result of any disagreement with the company.

#### April 06, 2017

10:51 am ET... CFRA REITERATES HOLD OPINION ON SHARES OF BED BATH & BEYOND INC. (BBBY 39.7\*\*\*): We lower our 12-month target price by \$4 to \$41, or 9.5X our FY 18 EPS estimate of \$4.30 (down \$0.45). We set FY 18's EPS projection at \$4.32. Our target is toward the lower end of BBBY's historical P/E range as we see restrained sales growth, and margin pressure, as the retail industry sees greater online sales. Posts Dec-Q EPS of \$1.84 vs. an adjusted \$1.85, above our \$1.77 estimate and the Capital IQ consensus of \$1.78. Revenues were modestly above the consensus forecast. Online sales growth exceeded 20%, but in-store same-store comparisons fell at a low single-digit pace. /E. Levy-CFA

#### December 21, 2016

05:52 pm ET... S&P CAPITAL IQ REITERATES HOLD OPINION ON SHARES OF BED BATH & BEYOND (BBBY 45.56\*\*\*): Our 12-month target price of \$45, is 9.5X our FY 18 EPS estimate of \$4.75 (down \$0.27). We cut FY 17's projection by \$0.25 to \$4.55. Our target is toward the lower end of BBBY's historical P/E range as we see limited sales growth and margin pressure in a competitive retail industry that is moving to increased online sales. BBBY posts Nov-Q EPS of \$0.85 vs. \$1.09, below our \$0.99 estimate and the Capital IQ consensus of \$0.98. Revenues missed the consensus forecast by 1.8%. Online sales growth exceeded 20%, but in-store same-store comparisons dropped at a low single-digit pace. /E. Levy-CFA

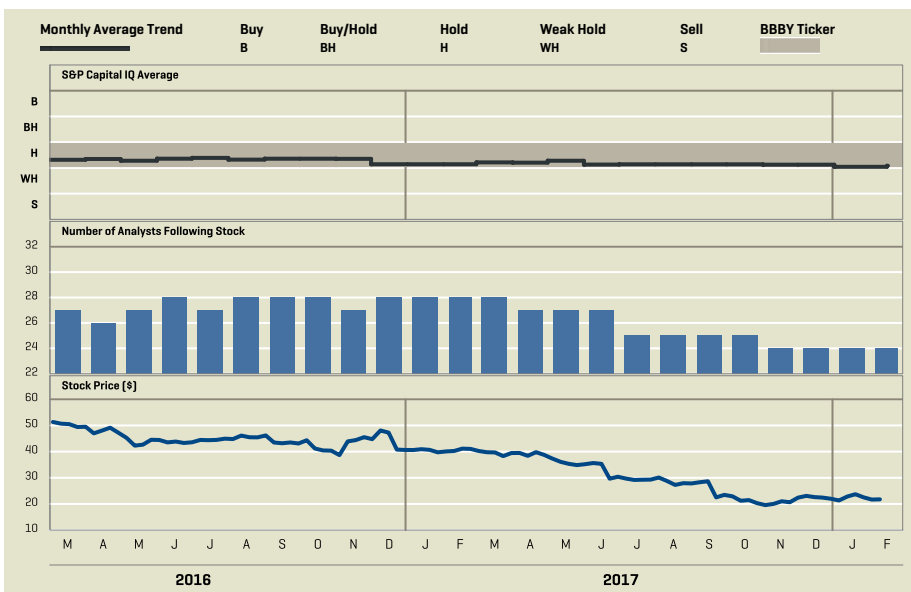
#### September 22, 2016

10:29 am ET... S&P GLOBAL KEEPS HOLD OPINION ON SHARES OF BED BATH & BEYOND (BBBY 43.42\*\*\*): Our 12-month target price of \$45, is 9.4X our FY 17 EPS estimate of \$4.80. We keep FY 18's projection at \$5.02. Our target is toward the lower end of BBBY's historical P/E range as we see modest sales expansion, as well as margin pressure, in a competitive retail industry that is moving to greater online sales. BBBY posts Aug-Q EPS of \$1.11, vs. \$1.21, below our estimate and the Capital IQ consensus, both at \$1.16. Revenues missed the consensus forecast by 2.0%. Online sales advanced more than 20%, but in-store same-store comparisons dropped at a low single-digit pace. /E. Levy-CFA

Note: Research notes reflect CFRA's published opinions and analysis on the stock at the time the note was published. The note reflects the views of the equity analyst as of the date and time indicated in the note, and may not reflect CFRA's current view on the company.

# Bed Bath & Beyond Inc.

## Analysts' Recommendations



## Wall Street Consensus Opinion

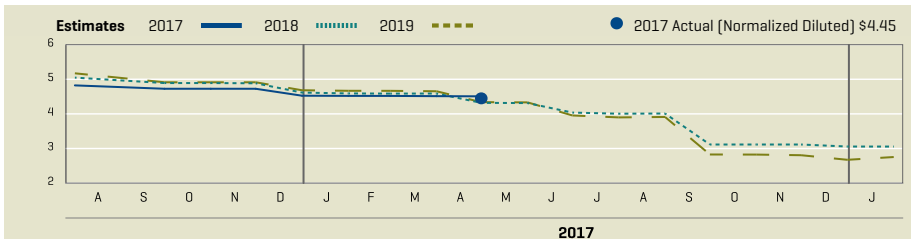
**HOLD**

### Wall Street Consensus vs. Performance

For fiscal year 2018, analysts estimate that BBBY will earn USD \$3.07. For the 3rd quarter of fiscal year 2018, BBBY announced earnings per share of USD \$0.44, representing 14.3% of the total revenue estimate. For fiscal year 2019, analysts estimate that BBBY's earnings per share will decline by 10% to USD \$2.77.

	No. of Recommendations	% of Total	1 Mo. Prior	3 Mos. Prior
Buy	1	4	1	1
Buy/Hold	1	4	0	1
Hold	14	58	15	15
Weak Hold	3	13	3	2
Sell	5	21	5	5
No Opinion	0	0	0	0
<b>Total</b>	<b>24</b>	<b>100</b>	<b>24</b>	<b>24</b>

## Wall Street Consensus Estimates



Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2019	2.77	3.54	2.05	18	7.9
2018	3.07	3.36	2.65	18	7.1
<b>2019 vs. 2018</b>	<b>▼ -10%</b>	<b>▲ 5%</b>	<b>▼ -23%</b>	<b>0%</b>	<b>▲ 11%</b>
Q4'19	1.39	1.79	1.14	9	15.7
Q4'18	1.41	1.66	1.22	15	15.4
<b>Q4'19 vs. Q4'18</b>	<b>▼ -1%</b>	<b>▲ 8%</b>	<b>▼ -7%</b>	<b>▼ -40%</b>	<b>▲ 2%</b>

Forecasts are not reliable indicator of future performance.

Note: A company's earnings outlook plays a major part in any investment decision. S&P Global Market Intelligence organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years, as well as how those earnings estimates have changed over time. Note that the information provided in relation to consensus estimates is not intended to predict actual results and should not be taken as a reliable indicator of future performance.

**Note: For all tables, graphs and charts in this report that do not cite any reference or source, the source is S&P Global Market Intelligence.**



## Bed Bath & Beyond Inc.

### Glossary

#### STARS

Since January 1, 1987, CFRA Equity and Fund Research Services, and its predecessor S&P Capital IQ Equity Research has ranked a universe of U.S. common stocks, ADRs (American Depositary Receipts), and ADSs (American Depositary Shares) based on a given equity's potential for future performance. Similarly, we have ranked Asian and European equities since June 30, 2002. Under proprietary STARS (Stock Appreciation Ranking System), equity analysts rank equities according to their individual forecast of an equity's future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index [S&P Asia 50 Index, S&P Europe 350® Index or S&P 500® Index]), based on a 12-month time horizon. STARS was designed to meet the needs of investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs.

#### S&P Global Market Intelligence's Quality Ranking

(also known as **S&P Capital IQ Earnings & Dividend Rankings**) - Growth and stability of earnings and dividends are deemed key elements in establishing S&P Global Market Intelligence's earnings and dividend rankings for common stocks, which are designed to encapsulate the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+	Highest	B	Below Average
A	High	B-	Lower
A-	Above Average	C	Lowest
B+	Average	D	In Reorganization
NR	Not Ranked		

#### EPS Estimates

CFRA's earnings per share (EPS) estimates reflect analyst projections of future EPS from continuing operations, and generally exclude various items that are viewed as special, non-recurring, or extraordinary. Also, EPS estimates reflect either forecasts of equity analysts; or, the consensus (average) EPS estimate, which are independently compiled by S&P Global Market Intelligence, a data provider to CFRA. Among the items typically excluded from EPS estimates are asset sale gains; impairment, restructuring or merger-related charges; legal and insurance settlements; in process research and development expenses; gains or losses on the extinguishment of debt; the cumulative effect of accounting changes; and earnings related to operations that have been classified by the company as discontinued. The inclusion of some items, such as stock option expense and recurring types of other charges, may vary, and depend on such factors as industry practice, analyst judgment, and the extent to which some types of data is disclosed by companies.

#### 12-Month Target Price

The equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics, including Fair Value.

#### CFRA Equity Research

CFRA Equity Research is produced and distributed by Accounting Research & Analytics, LLC d/b/a CFRA ["CFRA US"; together with its affiliates and subsidiaries, "CFRA"]. Certain research is produced and distributed by Standard & Poor's Malaysia Sdn. Bhd ["CFRA Malaysia"]. Certain research is distributed by CFRA UK Limited ["CFRA UK"]. CFRA UK and CFRA Malaysia are wholly-owned subsidiaries of CFRA US.

#### Abbreviations Used in Equity Research Reports

CAGR	- Compound Annual Growth Rate
CAPEX	- Capital Expenditures
CY	- Calendar Year
DCF	- Discounted Cash Flow
DDM	- Dividend Discount Model
EBIT	- Earnings Before Interest and Taxes
EBITDA	- Earnings Before Interest, Taxes, Depreciation & Amortization
EPS	- Earnings Per Share
EV	- Enterprise Value
FCF	- Free Cash Flow
FFO	- Funds From Operations

FY	- Fiscal Year
P/E	- Price/Earnings
P/NAV	- Price to Net Asset Value PEG Ratio - P/E-to-Growth Ratio PV - Present Value
R&D	- Research & Development ROCE - Return on Capital Employed ROE - Return on Equity
ROI	- Return on Investment
ROIC	- Return on Invested Capital
ROA	- Return on Assets
SG&A	- Selling, General & Administrative Expenses
SOTP	- Sum-of-The-Parts
WACC	- Weighted Average Cost of Capital

**Dividends on American Depositary Receipts (ADRs) and American Depositary Shares (ADSs) are net of taxes (paid in the country of origin).**

#### Qualitative Risk Assessment

Reflects an equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The Qualitative Risk Assessment is a relative ranking to the U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices. For an ETF this reflects on a capitalization-weighted basis, the average qualitative risk assessment assigned to holdings of the fund.

#### STARS Ranking system and definition:

##### ★★★★★ 5-STARs (Strong Buy):

Total return is expected to outperform the total return of a relevant benchmark, by a notable margin over the coming 12 months, with shares rising in price on an absolute basis.

##### ★★★★★ 4-STARs (Buy):

Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months, with shares rising in price on an absolute basis.

##### ★★★★★ 3-STARs (Hold):

Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months, with shares generally rising in price on an absolute basis.

##### ★★★★★ 2-STARs (Sell):

Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months, and the share price is not anticipated to show a gain.

##### ★★★★★ 1-STAR (Strong Sell):

Total return is expected to underperform the total return of a relevant benchmark by a notable margin over the coming 12 months, with shares falling in price on an absolute basis.

#### Relevant benchmarks:

In North America, the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are the S&P Europe 350 Index and the S&P Asia 50 Index, respectively.

## Bed Bath & Beyond Inc.

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#### STARS Stock Reports:

Global STARS Distribution as of December 29, 2017

Ranking	North America	Europe	Asia	Global
Buy	35.1%	24.0%	39.1%	33.8%
Hold	59.3%	59.6%	35.6%	56.6%
Sell	5.6%	16.4%	25.3%	9.6%
Total	100.0%	100.0%	100.0%	100.0%

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