

**Best Buy Co., Inc.**  
**BBY - \$34.20 – NYSE**

**Recommendation: Close Out Short Position**

**Reasons For Close Out Short Sale Recommendation**

**Sell Short 3-13-2015 @ \$40.60**

**Cover Short 5-22-2015 @ \$34.20**

**Profit +\$6.40 +15.8%**

**We recommend our clients cover entire short positions in Best Buy. We have an almost 16% profit on our position in two months. Best Buy has cut expenses while revenue has stagnated. We believe it is dead money for the foreseeable future.**

Best Buy Co., Inc. ([BBY](#)) today announced results for the first quarter (“Q1 FY16”) ended May 2, 2015 as compared to the first quarter (“Q1 FY15”) ended May 3, 2014. During the quarter, as announced on March 28, 2015, the company consolidated the Future Shop and Best Buy brands in Canada under the Best Buy brand. This consolidation is expected to have a material impact on all of the Canadian retail stores and the website on a year-over-year basis. As such, all Canadian revenue has been removed from the comparable sales base and International no longer has a comparable metric. Therefore, Enterprise comparable sales will be equal to Domestic comparable sales until International revenue is again comparable on a year-over-year basis.

	Q1 FY16	Q1 FY15
<b>Enterprise Revenue</b> (\$ in millions)	\$ 8,558	\$ 8,639
Domestic segment	\$ 7,890	\$ 7,781
International segment	\$ 668	\$ 858
<b>Enterprise Comparable Sales % Change:</b>		
Excluding the estimated benefit of installment billing <sup>1,2</sup>	(0.7 %)	(1.8 %) <sup>3</sup>
Estimated benefit of installment billing <sup>2</sup>	1.3 %	---
Comparable sales % change <sup>1</sup>	0.6 %	(1.8 %) <sup>3</sup>
<b>Domestic Comparable Sales % Change:</b>		

- Page 1 -

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Excluding the estimated benefit of installment billing <sup>1,2</sup>	(0.7	%	(1.3	%)
Estimated benefit of installment billing <sup>2</sup>	1.3	%	---	
Comparable sales % change <sup>1</sup>	0.6	%	(1.3	%)
Comparable online sales % change <sup>1</sup>	5.3	%	29.2	%

	Q1 FY16		Q1 FY15	
<b>Operating Income:</b>				
GAAP operating income as a % of revenue	1.0	%	2.4	%
Non-GAAP operating income as a % of revenue <sup>4</sup>	2.6	%	2.6	%
<b>Diluted Earnings per Share (EPS):</b>				
GAAP diluted EPS from continuing operations	\$ 0.10		\$ 1.33	
Impact of cathode ray tube (CRT) settlements <sup>5</sup>	(\$0.12 )		\$ 0.00	
Impact of non-restructuring SG&A charges <sup>6</sup>	\$ 0.03		\$ 0.02	
Impact of restructuring charges <sup>6</sup>	\$ 0.36		\$ 0.01	
Impact of European legal entity reorganization	\$ 0.00		(\$1.01 )	
Non-GAAP diluted EPS from continuing operations <sup>4</sup>	\$ 0.37		\$ 0.35	