Best Buy Ecosystem

Best Buy
[7601 Penn Avenue
South Richfield, Minnesota 55423
Phone: (612) 291-1000; www.bestbuy.com

Outside Relationships

Regulators

- Subjects of Regulation
  - Privacy and Information
  - Payments
  - Cybersecurity
  - Product Safety
  - Construction
  - Land Use
  - Employment and Labor Law
  - Hazardous Material Disposals
  - Environment Protection

Capital

- Public Debt Holders
- Commercial Banks

Suppliers

- Selected Suppliers
- Cell Phones, Computers, and Tablets
  - Apple (iPhones and iPads)
  - Lenovo (Chromebook Duet Laptop/Tablet)
  - Samsung (Galaxy Note Phones, Tablets, Monitors)
  - Dell (Inspiron Laptops)
  - Hewlett Packard (Printers, Ink, and Desktop and Laptop Computers)
  - Microsoft (Surface Laptops)
- TVs and Home Theater
  - Samsung (Flatscreen TVs)
  - Sony (Flatscreen TVs)
  - LG (Flatscreen TVs)
- Movies & Music
  - Universal Studios (DVDs, Blu-ray)
  - Disney (DVDs, Blu-ray)
- Wearable Technology
  - Apple (Smartwatches, Watchbands, Beats Headphones, AirPods)
- Large Appliances
  - Whirlpool (Washers, Dryers, Refrigerators, Dishwashers, Microwaves, Ranges, Cooktops)
  - LG (Refrigerators,Dishwashers, Washers Dryers, Microwaves, Ranges, Cooktops)
  - GE Appliances (Refrigerators, Dishwashers, Washers, Dryers, Microwaves, Ranges, Cooktops)
  - Samsung (Refrigerators, Dishwashers, Washers, Dryers, Microwaves, Ranges)
  - Bosch (Refrigerators, Washers, Dryers, Ranges, Cooktops)

Customers

Bond Financing

Working Capital Financing

Business Regulation

Merchandise Supplies (including TVs, Laptops and Computers, Tablets, e-Readers, Video Games, Consoles, and Virtual Reality Headsets, Cell Phones, Major Appliances, Smart Watches, Speakers, Streaming Media Players, Headphones, Small Appliances, Fitness Equipment, Smart Home Networking Devices, Cameras, Toys, Drones, and Printers)

Best Buy (Minnesota Corporation)

Debt Structure

Debt ($1.388 Billion @ 12/31/2019)

Credit Ratings: Moody's (Baa1) and S&P (BBB)

- Five-Year Senior Unsecured Revolving Credit Facility: $1.25 Billion (April 2023 Maturity)
- 5.5% 2021 Notes: $650 Million
- 4.45% 2028 Notes: $500 Million
- Financing Lease Obligations: $181 Million
- Capital Lease Obligations: $39 Million
- Total Long Term Debt: $1.313 Billion

Equity Structure

Equity

- Stock Repurchase Program: Authorized: $3 Billion Expiration: None, But Program Currently Suspended
- Common Stock: Authorized: 1,000,000,000 Outstanding: 256,494,000 Record Holders: 2,167
- Preferred Stock: Authorized: 400,000 Outstanding: None Record Holders: None

Governance

Board of Directors

J. Patrick Doyle (Chair)	Karen A. Mcloughlin	Eugene A. Woods	Claudia F. Munce	Thomas L. Millner
	Richelle P. Parham	Lisa M. Caputo	Corie Barry	David W. Kenny

Management Team

Corie Barry (CEO)	Jason Bonfig (Chief Merchandising Officer)	Ray Sliva (President, Retail)	Mark Irvin (Chief Inclusion and Diversity Officer)	Mike Mohan (President and COO)
Ron Wilson (President, International)	Kamy Scarlett (Chief Human Resources Officer)	Allison Peterson (Chief Customer Officer)	Damien Harmon (President, Operations)	Whit Alexander (Chief Strategy Officer)
Todd Hartman (General Counsel and Chief Risk & Compliance Officer)	Matt Furman (Chief Communications and Public Affairs Officer)	Howard Rankin (Chief Employee Relations Officer)	Deborah DiSanzo (President, Best Buy Health)	Rob Bass (Chief Supply Chain Officer)
	Brain Tilzer (Chief Digital and Technology Officer)	Daniel Grossman (Chief Medical Officer)		Frank Crowson (Chief Marketing Officer)
				Matt Bilunas (Chief Financial Officer)

Human Resources

- Talent Acquisition
- Talent Development
- Compensation
- Benefits
- Culture
- Employee Engagement
- Labor Relations
- HR Information Systems
- Diversity and Inclusion

Merchandising

- Demand Planning
- Buying
- Pricing
- Promotional Planning
- Exclusive Brand Private Label Team

Supply Chain

- Order Management
- Final-Mile Fulfillment
- Distribution Center
- Transportation
- Reverse Logistics
- Global Compliance & Trade
- Real Estate

Finance and Accounting

- Global Finance
- Internal Audit
- Accounting
- Strategic Planning
- Procurement
- Pricing
- Financial Services
- FP&A
- Treasury

Legal

- Legal
- Enterprise Data Security
- Customer Data Privacy
- Enterprise Risk Management
- Global Security
- Business Continuity & Disaster Recovery
- Global Risk and Compliance
- Internal Investigations
- Crisis Response
- Compliance and Ethics

Corporate Matters

Health

- "Great Call" (Emergency Response Services to Seniors)
- Strategic Partners
- Health Technology

Communications

- Internal and External Communications
- Event Planning
- Corporate Responsibility and Sustainability
- In-Housee Studio Productions

Marketing

- Marketing Strategy
- Planning
- Creative
- Operations/Tech
- Media
- Media Monetization

Customer

- Customer Strategy
- Innovative Business Initiatives
- Value Propositions Creating Differentiation and Brand Love

Learning

- Holistic Learning Strategy
- Employee Training Programs
- Leadership Development
- Sales Enablement

Retail

- Customer Interactions in Stores
- Customer Interaction in Customers' Homes

Operations

United States (FY2020 Revenue: $40.114 Billion)

Number of Stores

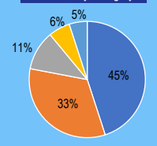
- Best Buy: 977
- Best Buy Mobile: 0
- Outlet Centers: 11
- Pacific Sales: 21
- Total: 1009

Online Revenue

- $7.640 Billion; Comparable Online Sales Growth: 17%

Total Revenue: $40.114 Billion
Operating Income: $1.907 Billion
Assets: $14.247 Billion
Capital Expenditures: $691 Million
Depreciation: $681 Million
Property and Equipment: $2.150 Billion
Comparable Sales Growth: 2.3%
Gross Profit: $9.234 Billion
SG&A: $7.286 Billion

Revenue by Category



Dark Blue: Computing and Mobile Phone (45%)
Orange: Consumer Electronics (33%)
Gray: Appliances (11%)
Light Blue: Entertainment (5%)
Yellow: Services (6%)

International (FY2020 Revenue: $3.524 Billion)

Number of Stores

Canada

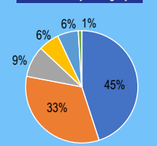
- Best Buy: 131
- Best Buy Mobile: 42
- Best Buy Express: 0
- Total: 173

Mexico

- Best Buy: 35
- Best Buy Mobile: 0
- Best Buy Express: 14
- Total: 49

Total Revenue: $3.524 Billion
Operating Income: $102 Million
Assets: $1.334 Billion
Capital Expenditures: $52 Million
Depreciation: $59 Million
Property and Equipment: $178 Million
SG&A: $712 Million
Comparable Sales Growth: 0.5%

Revenue by Category



Dark Blue: Computing and Mobile Phone (45%)
Orange: Consumer Electronics (33%)
Gray: Appliances (9%)
Light Blue: Entertainment (6%)
Yellow: Services (6%)
Green: Other 1%)

Computing and Mobile Phones	Consumer Electronics	Appliances	Entertainment	Services	Other
Domestic: $17.819 Billion International: $1.580 Billion Total: $19.399 Billion	Domestic: $13.129 Billion International: $1.163 Billion Total: $14.292 Billion	Domestic: $4.493 Billion International: $317 Million Total: $4.81 Billion	Domestic: $2.388 Billion International: $209 Million Total: $2.597 Billion	Domestic: $2.216 Billion International: $159 Million Total: $2.375 Billion	Domestic: $159 Million International: $56 Million Total: $215 Million
Products Sold	Products Sold	Products Sold	Products Sold	Products Sold	Products Sold
Computing and Peripherals	Digital Imagining	Dishwashers	Drones	Consultation and Design	Beverages
E-readers	Health and Fitness	Laundry	Gaming Hardware	Delivery and Installation	Sundry Items
Mobile Phones	Home Theater	Ovens	Gaming Software	Memberships	Baby Products
Mobile Network Carrier	Portable Audio	Refrigerators	Peripherals	Repair and Set Up	Luggage
Tablets	Headphones	Blenders	Music and Movies	Technical Support	Sporting Goods
Wearable Technology	Speakers	Coffee Makers	Toys	Protection Plans	Snacks
Smart Watches	Smart Home Technology	Vacuums	Virtual Reality	Health Related Services	International Products

Services

Geek Squad	Total Tech Support Membership	Home Experts	Apple Authorized Service and Repair
Product Installation and Set Up	$199.99 Yearly Membership Fee	Free Consultation	Repairs All Apple Products
Protection and Warranty Service	Protection and Warranty Service	Technology Experts	Software/Hardware Repairs
Customer Support	Customer Support	Home Improvements	Screen Replacement
Device Repair	Device Repair	Gift Ideas	AppleCare+

- Best Buy Customer Support
- 24/7 Support Plans
- Home and Tech Support Plan
- Protection Plans
- Trade-In Programs
- Electronics/Appliance Recycling

Competitors

Amazon	Walmart	GameStop
E Bay	Target	Costco
NewEgg	Sears	Dell
Staples	Office Depot	RadioShack

Cameras and Drones: Canon (Cameras), DJI (Drones), Autel Robotics (Drones)

Home, Furniture & Office: NETGEAR (Switches), Hewlett Packard (Wireless Printers)), Canon (Wireless Printers)

Smart Home, Security & WiFi: Linksys (WiFi Routers), NETGEAR (Switches), Twinkly (Smart Lighting)

Toys, Games & Collectibles: Nintendo (Video Games, Collectibles), LEGO (Toys), PlayStation (Virtual Reality Headsets), Hewlett Packard (Gaming Laptops)

Health, Fitness and Personal Care: Garmin (Fitness Bands), Samsung (Smart Watches), Fitbit (Smart Watches), Bowflex (Exercise Equipment), Schwinn (Stationary Bike), NordicTrack (Exercise Equipment)

Audio: Samsung (Surround Sound), Klipsch (Floor Speakers and Subwoofers), PlayStation (Video Recorder)

Small Appliances: Dyson (Upright and Cordless Stick Vacuums, Heaters), Philips Norelco (Air Fryers), GE Profile (Ice Maker), Samsung (Vacuums), Breville (Toaster Ovens), iRobot (Roomba Vacuums)

Car Electronics & GPS: Garmin (GPS Navigation Systems), Klipsch (Floor Speakers and Subwoofers)

Outside Relationships

Customers

- Retail Customers
  - Individual Shoppers at Physical Retail Stores
  - Online Shoppers
  - Five Most Valued Types of Customers
  - Small Business Owners
  - Young Males Who Want The Latest Technology
  - Family Men Who Want Home Improvement
  - Affluent People Who Want The Most Up To Date Technology
  - Busy Suburban Moms Who Want To Give Her Children Technology

Suppliers

- Professional Service Providers
  - Deloitte & Touche (Audit Services)
  - Drinker, Biddle & Reath (Lobbying)
  - KDCR Partners (Lobbying)
- Contract Manufacturers

Capital

- Significant Shareholders
  - The Vanguard Group, Inc. (10.94%)
  - Fidelity Management & Research Corporation (6.14%)
  - BlackRock Fund Advisors (5.06%)
  - SSgA Funds Management, Inc. (4.35%)
  - JPMorgan Investment Management, Inc. (3.44%)
  - Boston Partners Global Investors, Inc. (2.02%)
  - Institutional Ownership: 81.65%

Regulators

- Securities Regulators
  - U.S. Securities and Exchange Commission
  - New York Stock Exchange
- U.S. Patent and Trademark Office

Securities Regulation and New York Stock Exchange Listing Rules

Dividends and Common Stock Repurchases

Equity Capital

Professional Services

Manufacture and Supply of Best Buy's Exclusive Private-Label Branded Merchandise

Trademark and Other Intellectual Property Registrations

Retail Store and Online Merchandise Sales

Key Company Data (2/1/20)

Share Information

- Ticker Symbol: BBY
- Stock Exchange: NYSE
- Forward Annual Dividend: $2.20
- Earnings Per Share: $5.75 (Diluted)
- Share Price: $118.65 (11/16/2020)

Resources

- Employees: 125,000
- Stores: 1,009

Major Subsidiaries

- Geek Squad
- Pacific Sales
- Magnolia Audio Video
- Pacific Kitchen and Home
- TechLiquidators
- Best Buy Express
- Best Buy Health
- CST
- Lively
- GreatCall
- Best Buy Business

Financial Highlights (FY2020)

Income Statement

Revenue
Total: $43.638 Billion

Operating Expenses
Cost of Sales: $33.590 Billion
SG&A: $7.998 Billion

Income
Gross Profit: $10.048 Billion
Operating Income: $2.009 Billion
Net Earnings: $1.541 Billion

Balance Sheet

Assets
Current Assets: $8.857 Billion
Operating Leases: $3.032 Billion
Goodwill: $984 Million
Property and Equipment: $2.328 Billion
Other Assets: $713 Million
Total: $15.519 Billion

Liabilities
Long Term Debt: $1.388 Billion

Cash Flow

From Operating Activities: $2.565 Billion

Recent Developments

New Blue Strategy: Best Buy's "New Blue" strategy seeks to "improve customer experience and fix what was already broken". It has the following goals:

- To not only sell goods and services but to also solve the customer's needs
- To build a lead in the smart home market
- Establish "Assured Living", to assist adult children in checking on elderly parents
- Implement "Total Tech Support", which is a new "geek squad" that has been launched in Canada to provide technical support for all products regardless of where they are bought.

COVID19 Impacts: At first, Best Buy shifted to curbside/online only, but it recently begun to open its stores for in-person shopping. However, the home installation/repair segment has been suspended, with in-home consultations available on a virtual basis only. Best Buy has access to $1.25 billion of revolving credit and has suspended its share repurchase program. Best Buy has guaranteed store employee that if they get sick and must quarantine at home, Best Buy will still pay them.

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