

# Albertsons (ACI) – Long PT: \$28



Today's Price: \$14.69  
Dividend Yield: 2.7%  
Market Cap: \$6,943 mm  
Industry: Retail (Grocery)  
Headquarters: Boise, ID

*Recently IPO'd company emerging from long-term take-private, highly undervalued due to lack of investor awareness*

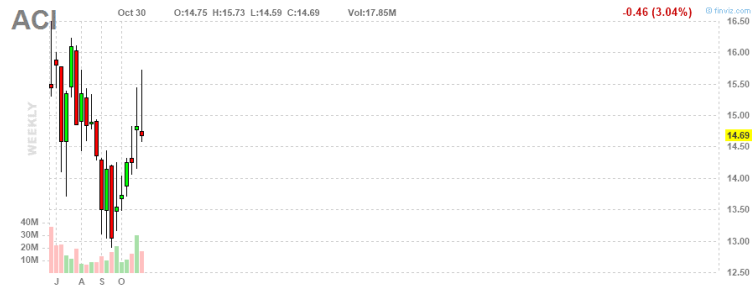
## Business Overview

Albertsons Cos., Inc. engages in the operation of food and drug retail stores. It offers grocery products, general merchandise, health and beauty care products, pharmacy, fuel, and other items and services.

**Revenue Segmentation:** 43% non-perishables, 41% perishables, 8% pharmacy, 7% other. 2019 Total revenue: \$62,455 mm

## Thesis Points

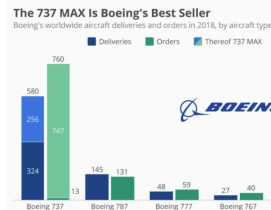
- 1. Stable industry and company considering medium-term COVID-related outlook:** In the COVID era, many businesses are prone to intense economic shocks from consumer and government action. The retail grocery is arguably the most stable and Albertsons seen minimal-to-negative pricing-in of recent industry tailwinds.
- 2. Improved management and oversight from extended leveraged buyout emergence:** Albertsons has been held privately for over a decade and has seen multiple failed exit attempts. Management intended to IPO at an initial range of \$18-20 per share in February but settled for \$16 in June 2020. Private investors still hold significant control and equity in the company and will aid in the improved operational performance of Albertsons.
- 3. Financial growth and valuation present unique opportunity, especially considering market bubble:** Retail investors with a lack of technical understanding, such as Dave Portnoy, have swarmed the market the past few months. Such a bubble has not existed so obviously in recent history, and value investment opportunities are far and few between. Albertsons' unique bottom-line growth, stabilizing growth in operations, and low trading multiples present an incredible valuation from both an intrinsic and market-facing perspective.



ACI [NYSE]  
**Albertsons Companies, Inc.**  
Consumer Defensive | Grocery Stores | USA

## Industry Overview

Albertsons is the second-largest grocery store company in the United States, behind Kroger. However, other companies, such as Walmart, Target, Costco, and Walgreens, can also be considered a part of the competitive landscape. The industry has historically experienced steady growth around the US GDP growth rate. Albertsons has seen higher-paced growth relative to competitors, especially for bottom-line profits. The industry is relatively consolidated, with most players operating at a national scale. Recent trends have shifted towards a technological focus, with companies heavily investing into infrastructure to support online pickup and delivery services. Growth within the industry is expected to center around companies that can adequately serve this space, while minimizing effects on bottom-line profits.



Insert a few graphics here: left 737 max, right new CEO

## Additional Commentary – Valuation/Risks/News

- Valuation:** Albertsons is relatively cheap relative to its competitors. Especially considering its growth opportunities, this presents an intriguing investment opportunity to investors.
- Risks:** Main risks for Albertsons are its leverage, as well as its ability to keep up in the digitalization of grocery pickup and delivery.

