Fundamental Analysis

Cash Me If You Can

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Investment Thesis

Company Overview

Company Name	Albertsons
Ticker	ACI
Current Price	$17.09
Current Date	03/30/2026
Target Price	$38.14
Target Date	03/30/2031
Industry	Food and Drug Retail
Sector	Consumer Staples
Shares Outstanding	513.91 Million USD
Market Cap	8.77 Billion USD
Monthly Trading Volume	≈ 7.43 million shares/month
Beta	0.70

Albertsons Companies, Inc. is a leading U.S. food and drug retailer headquartered in Boise, Idaho, operating a broad portfolio of supermarkets including Safeway, Vons, Jewel-Osco, and Albertsons. The company serves millions of households across its national footprint, offering grocery, fresh foods, pharmacy services, and private-label products, while also supporting commercial and institutional customers through its extensive supply chain network. Albertsons complements its retail operations with a growing digital and loyalty ecosystem, providing integrated online ordering, delivery, and customer engagement capabilities.

Investment Thesis

BUY $10,000 of Albertsons (ACI)

PROS

- **Essential-goods service with stable cash flows**
- **Growing Digital Ecosystem (38M+ members)**
- **Private-label expansion**

CONS

- **Elevated leverage**
- **Intense market competition**

Timeline

2015

Albertsons merges with Safeway in a multibillion-dollar transaction, creating one of the largest food and drug retailers in the United States.

2020

Albertsons returns to the public markets with its IPO, raising capital to support modernization, digital expansion, and debt reduction.

2022-2024

Failed their proposed $24.6 billion merger with Kroger because it was blocked by the FTC.

Historical Factors

Recent Performance:

- Consistent stability with annual revenue holding around $77-80 billion despite inflationary pressure, and shifting consumer behavior.
- Robust free cash flow generation, allowing for debt reduction and shareholder returns.
- Digital and loyalty growth outperforms competitors, with a double-digit sales growth and over 38 million loyalty members.

Volatility Measures:

- Annualized Volatility: 12.43%
- 5-year total return: -12.55%
- Levered Beta: 0.70

Major Historical Events:

- Safeway Merger (2015), Return to public markets (2020), Failed Kroger Merger attempt (2022-2024).

DCF - WACC

WACC Calculations	
Capital Structure	
Total Debt	$7,763.00
Total Equity	$9,376.72
Debt-to-Total Capitalization	45.3%
Equity-to-Total Capitalization	54.7%

Cost of Debt	
Cost of Debt	5.9%
Tax Rate	21.0%
After-Tax Cost of Debt	4.7%

Cost of Equity	
Risk-free Rate	4.4%
Market Risk Premium	5.5%
Levered Beta	0.70
Cost of Equity	8.3%

WACC	**6.6%**

- Cost of debt: Interest/Debt
- Tax Rate: US Corporate Tax Rate
- Risk-Free:10-year treasury yield
- Market risk premium: Bloomberg
- Levered Beta: Comps

DCF - Beta

Beta (Comparables)						
Company	Levered Beta	Equity Value (bn)	Total Debt (bn)	Debt/Equity	Tax Rate	Unlevered Beta
Albertsons		$9.4	$7.80	0.83	21%	
Kroger (KR)	0.27	$44.1	$15.90	0.36	21%	0.21
Ingles Markets Inc	0.75	$1.6	$0.54	0.33	21%	0.59
Weis Markets (WMK)	0.46	$1.6	$0.17	0.11	21%	0.42
Walmart (WMT)	0.66	$989.1	$81.00	0.08	21%	0.62
BJ's Wholesale Club Holdings	0.37	$12.7	$2.60	0.20	21%	0.32
Average Unlevered Beta	0.43					
Median Unlevered Beta	0.42					
Median levered Beta	0.70					

DCF - Assumptions Base Case

	2022	2023	2024	2025	2026	2027	2028	2029
Period				1	2	3	4	5
Non-Perishables	$39,142.4	$39,977.3	$40,102.8	$40,824.7	$40,865.5	$41,478.5	$41,893.2	$42,521.6
% Growth		*2.1%*	*0.3%*	*1.8%*	*0.1%*	*1.5%*	*1.0%*	*1.5%*
Fresh	$25,585.4	$25,442.7	$25,507.3	$26,094.0	$26,146.2	$26,538.3	$26,803.7	$27,473.8
% Growth		*(0.6%)*	*0.3%*	*2.3%*	*0.2%*	*1.5%*	*1.0%*	*2.5%*
Pharmacy	$6,769.3	$8,240.0	$9,597.2	$10,508.9	$10,666.6	$11,039.9	$11,647.1	$12,113.0
% Growth		*21.7%*	*16.5%*	*9.5%*	*1.5%*	*3.5%*	*5.5%*	*4.0%*
Fuel	$4,857.6	$4,396.7	$3,980.6	$3,909.7	$3,909.7	$3,929.2	$4,027.4	$4,228.8
% Growth		*(9.5%)*	*(9.5%)*	*(1.8%)*	*0.0%*	*0.5%*	*2.5%*	*5.0%*
Other	$1,295.0	$1,181.0	$1,203.0	$1,227.1	$1,214.8	$1,226.9	$1,226.9	$1,239.2
% Growth		*(8.8%)*	*1.9%*	*2.0%*	*(1.0%)*	*1.0%*	*0.0%*	*1.0%*
Revenue	$77,649.7	$79,237.7	$80,390.9	$82,564.3	$82,802.7	$84,212.9	$85,598.5	$87,576.5
		2.0%	*1.5%*	*2.7%*	*0.3%*	*1.7%*	*1.6%*	*2.3%*
EBITDA	$4,677.0	$4,317.7	$4,004.7	$3,418.2	$3,560.5	$3,629.6	$3,792.0	$3,888.4
EBITDA Margin (%)	*6.0%*	*5.4%*	*5.0%*	*4.1%*	*4.3%*	*4.3%*	*4.4%*	*4.4%*
EBIT	2,307.1	2,068.9	1,546.1	$1,527.4	$1,631.2	$1,717.9	$1,763.3	$1,821.6
EBIT Margin (%)	*3.0%*	*2.6%*	*1.9%*	*1.9%*	*2.0%*	*2.0%*	*2.1%*	*2.1%*
Depreciation & Amortization	$2,369.9	$2,248.8	$2,458.6	$1,890.7	$1,929.3	$1,911.6	$2,028.7	$2,066.8
D&A as a % of revenue	*3.1%*	*2.8%*	*3.1%*	*2.3%*	*2.3%*	*2.3%*	*2.4%*	*2.4%*

DCF - Assumptions Base Case

	2022	2023	2024	2025	2026	2027	2028	2029
Period				1	2	3	4	5
Cash	$455.8	$188.7	$293.6	293.6	293.6	293.6	293.6	293.6
Accounts Receivable	687.6	724.4	834.8	859.8	885.6	907.8	930.5	949.1
Inventories	4,782.0	4,945.2	4,989.0	5,038.9	5,089.3	5,165.6	5,243.1	5,348.0
Other Current Assets	345.0	429.2	441.6	446.0	450.5	459.5	468.7	478.0
Accounts Payable	$4,173.0	$4,218.2	$4,092.7	$4,133.6	$4,195.6	$4,279.5	$4,365.1	$4,452.4
Accrued Expenses	$1,317.0	$1,303.0	$1,345.0	$1,358.5	$1,372.0	$1,399.5	$1,427.5	$1,456.0
Debt	$7,834.0	$7,783.0	$7,763.0	7,763.0	7,763.0	7,763.0	7,763.0	7,763.0
Capital Expenditures	1,977.3	1,746.7	1,891.8	1,854.0	1,835.4	1,844.6	1,863.0	1,881.7
Accounts Receivable Growth (%)		*5.4%*	*15.2%*	*3.0%*	*3.0%*	*2.5%*	*2.5%*	*2.0%*
Inventories Growth (%)		*3.4%*	*0.9%*	*1.0%*	*1.0%*	*1.5%*	*1.5%*	*2.0%*
Other Current Assets Growth (%)		*24.4%*	*2.9%*	*1.0%*	*1.0%*	*2.0%*	*2.0%*	*2.0%*
Accounts Payable Growth (%)		*1.1%*	*(3.0%)*	*1.0%*	*1.5%*	*2.0%*	*2.0%*	*2.0%*
Accrued Expenses Growth (%)		*(1.1%)*	*3.2%*	*1.0%*	*1.0%*	*2.0%*	*2.0%*	*2.0%*
Capital Expenditures Growth (%)		*(11.7%)*	*8.3%*	*(2.0%)*	*(1.0%)*	*0.5%*	*1.0%*	*1.0%*

DCF - Calculations

Terminal Value	
Growth in perpetuity method:	
Long term growth rate	1.5%
WACC	6.6%
Free cash flow (t+1)	1,602.3
Terminal Value	31,171.0
Present Value of Terminal Value	**$22,601.8**

Enterprise Value to Equity Value	
Enterprise Value	$28,417.5
Less: Net debt	7,469.4
Equity Value	**$20,948.1**
Diluted Shares Outstanding	549.3
Equity Value Per Share	**$38.14**

DCF	Implied Share Price		
Approach	**Base**	**Downside**	**Upside**
Perpetuity	$38.14	$15.53	$45.65

Multiples

Company Name	Price	Market Cap (B)	Enterprise Value (M)	LTM Sales (M)	LTM EBITDA (M)	Earnings (M)	EV / Sales	EV / EBITDA	P/E
Target									
Albertsons Companies Inc	$ 17.070	$ 9,376.722	$ 28,417.488	$ 80,390.900	$ 4,333.133	$ 958.600	0.4x	6.6x	9.78
Comparable companies									
Kroger	71.88	43,201.00	64,547.00	147,143.00	7,923.10	3,148.60	0.4x	8.1x	13.72
Ingles Markets Inc	86.61	1,644.30	1,821.70	5,334.00	279.90	95.40	0.3x	6.5x	17.24
Weis Markets Inc	65.98	1,627.50	1,552.00	4,939.40	274.10	88.10	0.3x	5.7x	18.47
BJ's Wholesale Club Holdings	100.29	12,994.90	15,557.40	21,457.30	1,129.00	606.70	0.7x	13.8x	21.42
Walmart Inc	123.06	981,083.90	1,044,014.90	713,163.00	45,172.80	21,172.60	1.5x	23.1x	46.34

Industry	Sector	Largest Geographical Segment	Largest Revenue Segment
Food and Drug	Consumer Staples	United States	Non-Perishables
Food and Drug	Consumer Staples	United States	Retail Customers Without Fuel
Food and Drug	Consumer Staples	United States	Grocery
Food and Drug	Consumer Staples	United States	Grocery
Mass Merchants	Consumer Staples	United States	Grocery
Mass Merchants	Consumer Staples	United States	Grocery

Implied Stock Price	
25 Percentile	30.20
75 Percentile	70.46
Mean	62.16

	EV / Sales	EV / EBITDA	P/E
Mean	0.7x	11.4x	23.44
Median	0.4x	8.1x	18.5x
25 Percentile	0.3x	6.5x	17.24
75 Percentile	0.7x	13.8x	21.42
Standard deviation	0.480	7.250	13.096

Precedent Transactions

Date	Target	Buyer	Target Business Descrption	Transcation Value	Revenue	EBITDA	EV / Revenue	EV / EBITDA
6/23/2025	SpartanNash Co	C&S Wholesale Grocers Inc.	Food distributor and grocery retailer with 200+ stores.	$1,770.00	$9,549.32	$285.50	0.17x	6.20x
10/14/2024	Albertsons	Kroger	2nd largest US grocer; merger was blocked by FTC in Dec 2024.	$25,371.97	$71,887.00	$4,398.00	0.36x	5.88x
7/23/2016	Delhaize	Ahold	Owner of Food Lion & Hannaford (East Coast).	$11,100.00	$24,500.00	$1,580.00	0.45x	7.02x
1/30/2015	Safeway	Albertsons	National chain; basis for modern ACI footprint.	$9,200.00	$36,300.20	$1,559.00	0.25x	5.90x
7/9/2013	Harris Teeter	Kroger	Upscale regional grocer in high-growth Mid-Atlantic/Southeaste	$2,500.00	4,700.00	$362.00	0.53x	6.91x
				Mean			0.35x	6.22x
				Median			0.36x	6.05x
				25 Percentile			0.25x	5.90x
				75 Percentile			0.45x	6.38x
				Standard deviation			0.146	0.479

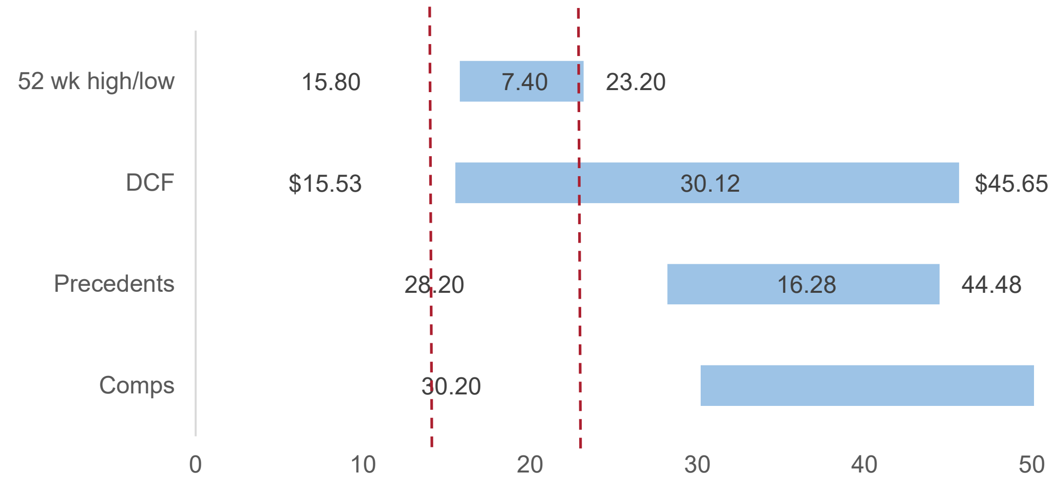
SUMMARY

Metrics	Comps	Implied EV	Net Debt	Equity Value	Shares	Share Price
EV/Sales						
25 Percentile	0.3x	20,374	7,469	12,905	549	23.49
75 Percentile	0.5x	36,176	7,469	28,707	549	52.26
Mean	0.4x	28,384	7,469	20,914	549	38.07
EV/EBITDA						
25 Percentile	5.9x	25,548	7,469	18,078	549	32.91
75 Percentile	6.4x	27,629	7,469	20,160	549	36.70
Mean	6.2x	26,960	7,469	19,490	549	35.48

Implied Stock Price	
25 Percentile	28.20
75 Percentile	44.48
Mean	36.78

Weighted Valuation

Valuation Summary - Equity Value per Share



Comps

Metrics	Comps	Implied EV	Net Debt	Equity Value	Shares	Share Price
Mean EV/EBITDA	11.4x	49,579	7,469	42,109	549	76.66
Mean EV/Sales	0.7x	52,791	7,469	45,321	549	82.51
Mean P/E	23.4x	22,467	7,469	14,998	549	27.30

Precedents

Metrics	Comps	Implied EV	Net Debt	Equity Value	Shares	Share Price
Mean EV/EBITDA	35.5x	26,960	7,469	19,490	549	35.48
Mean EV/Sales	38.1x	28,384	7,469	20,914	549	38.07

DCF — **Implied Share Price**

Approach	Base	Downside	Upside
Perpetuity	$38.14	$15.53	$45.65

Implied Stock Price	
Total DCF	$38.14
Comparables	$62.16
Precedent Transactions	$36.78

Weights	
DCF	70%
Comparables	10%
Precedent Transactions	20%

Target Price	40.27

Current price	17.07

Implied Profit per Share	$23.20
Undervaluation	57.61%

Industry Trends

Supermarket and Grocery Industry:

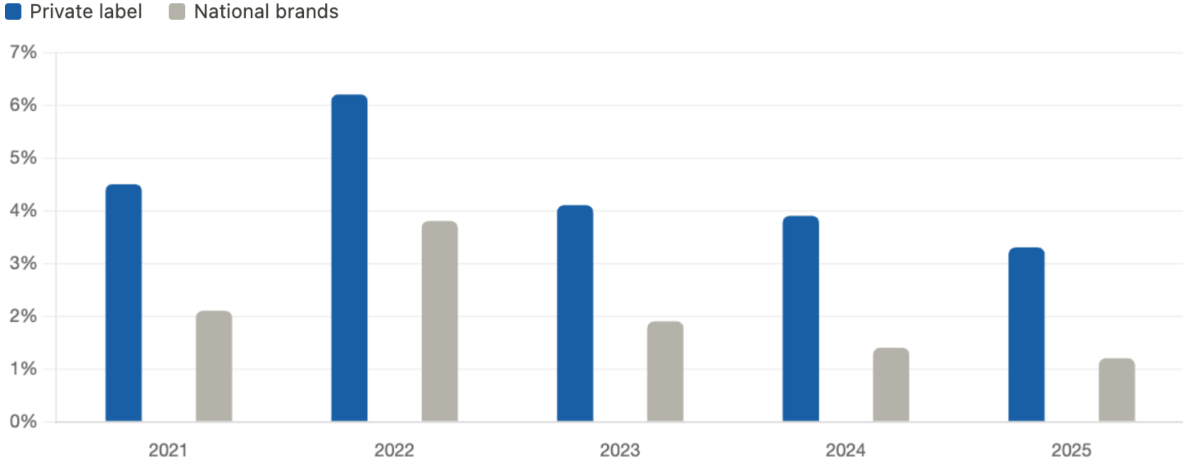
- Inflation has flattened real sales, pushing grocers toward private-label brands and promotions to retain shoppers.
- Income divides buying habits — budget shoppers favor store brands, while affluent households spend on premium and specialty items.
- Private-label growth and digital investment define competition, with grocers pouring resources into e-commerce, personalized offers, and automation to satisfy both value and convenience seekers.

Private label growth
+3.3%
vs. +1.2% national brands

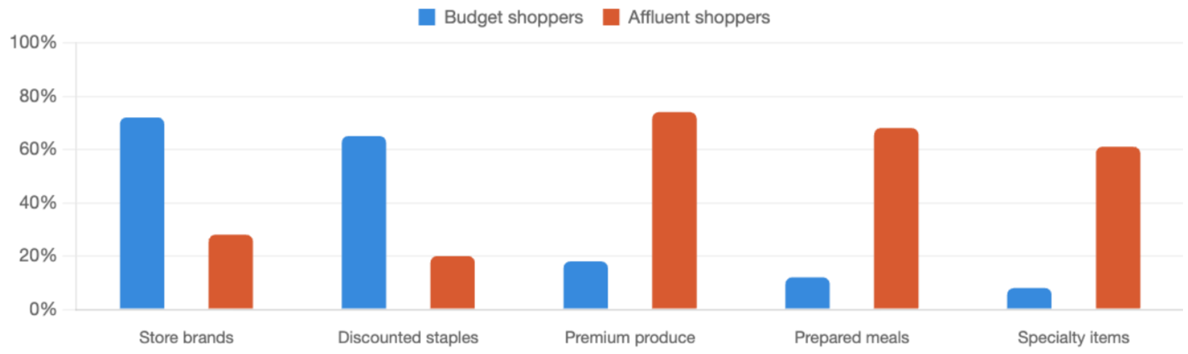
Shoppers buying more store brands
62%
citing inflation as reason

Online grocery growth
+18%
year over year

Year-over-year sales growth: private label vs. national brands (%)

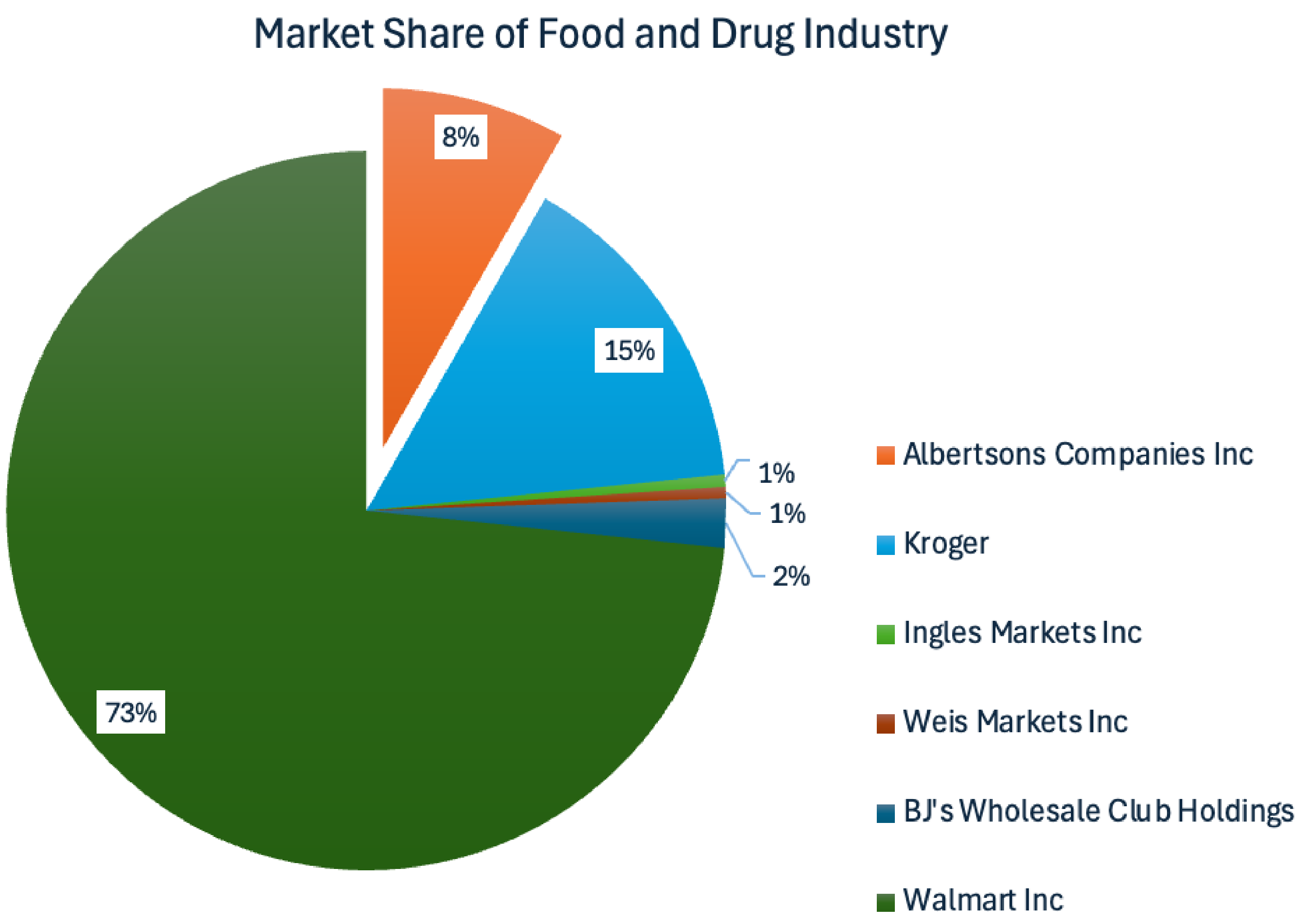


Where shoppers are shifting spend by income group



Sources: PLMA / Circana 2025, NielsenIQ 2024

Competitive Landscape



PESTEL Analysis

P	E	S	T	E	L
Political	**Economical**	**Social**	**Technological**	**Environmental**	**Legal**
Drug Pricing and healthcare policies impact growing pharmacy revenue	Albertsons brands pricing impacted by inflation	Shift towards online ordering Positive feedback on higher end grocery stores	Digital sales growing Partnership with OpenAI Focus on loyalty program	Packaging and plastic reduction goals Carbon-footprint reduction plan	Failed merge with Kroger

Porter's Five Forces

Threat of new entrants (Low)	*Bargaining power of suppliers (Moderate)*	*Threat of Substitutes (Moderate)*	*Bargaining power of buyers (High)*	Threat of Rivals **(High)**
• *Built strong chain of stores throughout US* • *Tough margins in industry*	• *Can substitute to other vendors as needed for most products*	• *Alternative food resources like meal kits and food delivery*	• *Many competing grocery stores*	• Intense nation-wide competition • Other grocery stores also investing in AI and loyalty program

Business Model

Revenue Streams

- In-store Grocery Retail
- Albertson's Brands
- Pharmacy and Health
- Digital Sales

Strategy Shift

- Omnichannel – focus on blending in-store, curbside pickup, and home delivery

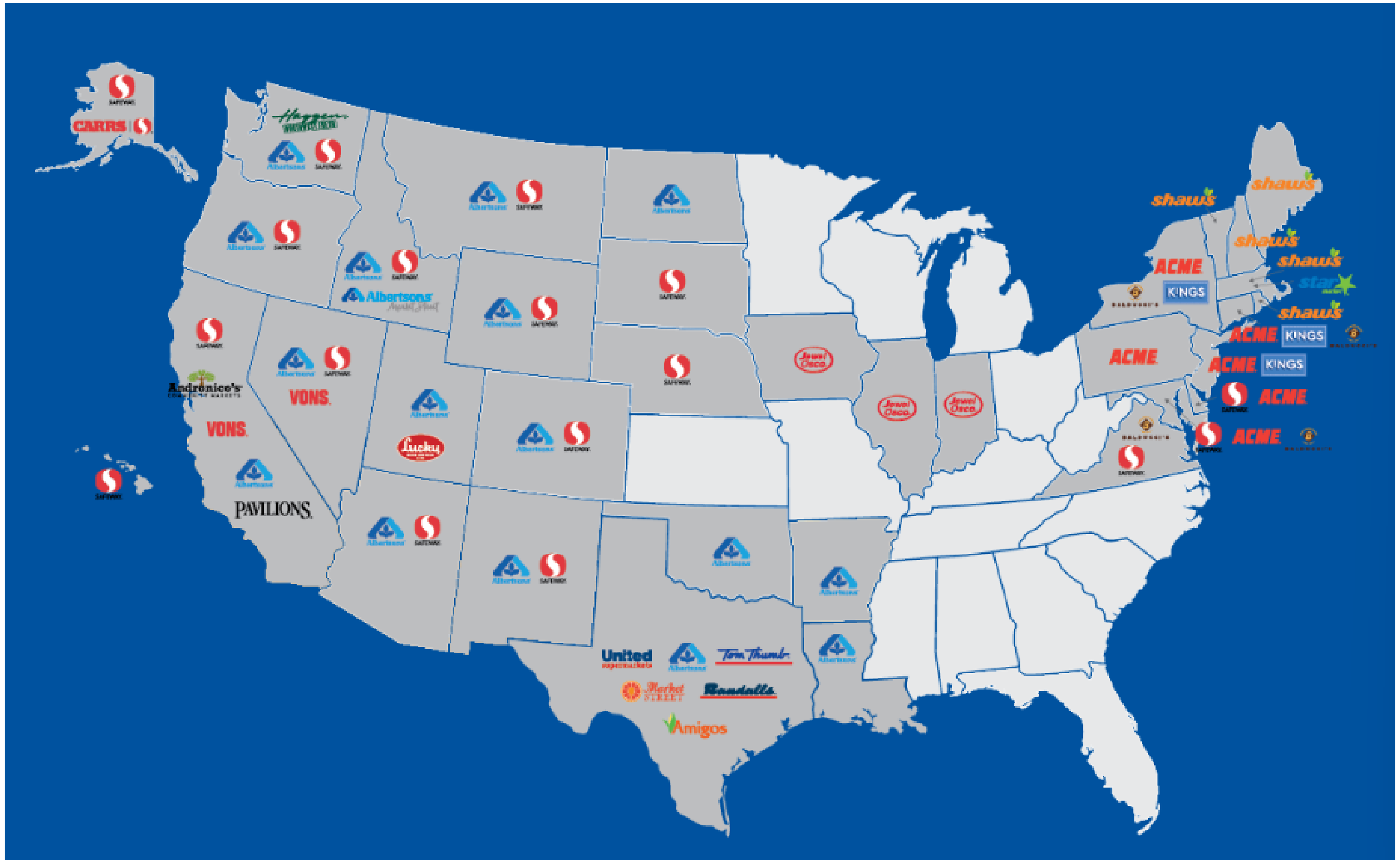
AI Implementation

- New partnership with OpenAI. Albertsons ads started appearing in ChatGPT queries starting in Feb. 2026

Private Label Expansion

- Higher profits than national brands.
- Customer price sensitivity
- Limits supply chain impact

Business Model



Management and Employees

Leadership	Compensation	Labor/Workforce	Controversies
Susan Morris: • Recently appointed CEO; long-time operations leader known for improving store execution, supply-chain efficiency, and labor productivity. **Sharon McCollam:** • CFO, Strong track record in financial discipline, loyalty program expansion, and driving EBITDA improvement through private-label and digital growth.	**Performance-Based Incentives:** • Executive bonuses tied to EBITDA growth, cost-savings targets, and digital/loyalty performance. **Equity Alignment** • Long-term incentives structured to align leadership with shareholder value creation.	**Unionized Workforce:** • Large portion of employees represented by UFCW, influencing wages, benefits, and contract negotiations. • Over 290,000 employees across banners; ongoing investment in training, retention, and store-level productivity.	**Merger-Related Scrutiny:** • The blocked Kroger merger raised concerns about store divestitures, pricing, and job impacts, drawing regulatory and public criticism.

SWOT Analysis

Strengths

Strong Stability: *Essential-goods business with stable cash flows that hold up across economic cycles.*
High Margin private-labels: *private-label products that drive profitability and consumer loyalty.*

Weaknesses

Highly Regional Footprint: *Less diversified than national competitors, and more exposed to regional competition.*
Elevated Leverage: *Pressures valuation multiples and limits financial flexibility.*

Opportunities

Margin Expansion: *Expansion through automation, supply-chain optimization, and labor efficiency can provide clear EBITDA upside.*
Digital and loyalty monetization: *38+ million members which enable higher-margin revenue streams and customer retention.*

Threats

Intense Competition: *Walmart, Costco, Amazon, and discount grocers like Aldi*
Inflation and labor cost pressures: These can compress margines if not offset by pricing power.

Final Recommendation

Investment Thesis – BUY $10,000 of Albertsons

Valuation – Implied Stock Price at $38.14, which is a 44.76% undervaluation

Industry Analysis – essential goods demand, resiliency through market downturns

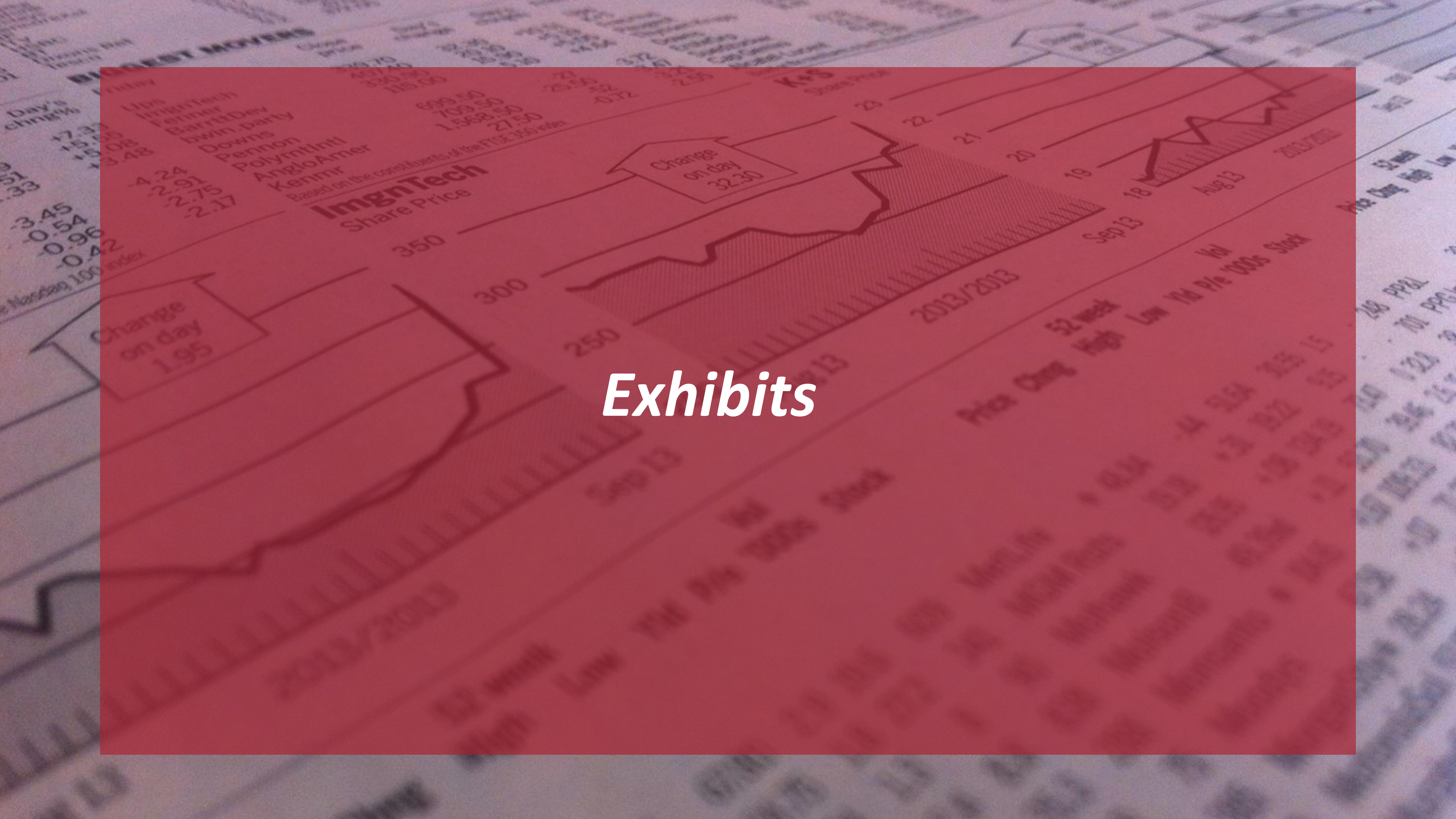
Business Model – Grocer with strong private-label and digital capabilities

Governance – Experienced leadership with renewed focus post-merger

Risks and Growth – Competition and leverage remain risks, but margin expansion and digital growth support long-term upside

Recommendation - BUY $10,000 of Albertsons (ACI) (equal to 585 shares) in the School Fund, target price: $38.14, target date: 03/30/2031

Exhibits



DCF - Downside

Select Operating Data

	2022	2023	2024	2025	2026	2027	2028	2029
				Projected Annual Forecast				
Period				1	2	3	4	5
Non-Perishables	$39,142.4	$39,977.3	$40,102.8	$40,303.3	$40,343.6	$40,545.3	$40,748.1	$40,951.8
% Growth		*2.1%*	*0.3%*	*0.5%*	*0.1%*	*0.5%*	*0.5%*	*0.5%*
Fresh	$25,585.4	$25,442.7	$25,507.3	$25,634.8	$25,686.1	$25,814.5	$25,943.6	$26,073.3
% Growth		*(0.6%)*	*0.3%*	*0.5%*	*0.2%*	*0.5%*	*0.5%*	*0.5%*
Pharmacy	$6,769.3	$8,240.0	$9,597.2	$10,077.1	$10,228.2	$10,432.8	$10,693.6	$10,854.0
% Growth		*21.7%*	*16.5%*	*5.0%*	*1.5%*	*2.0%*	*2.5%*	*1.5%*
Fuel	$4,857.6	$4,396.7	$3,980.6	$3,909.7	$3,909.7	$3,929.2	$3,968.5	$4,028.0
% Growth		*(9.5%)*	*(9.5%)*	*(1.8%)*	*0.0%*	*0.5%*	*1.0%*	*1.5%*
Other	$1,295.0	$1,181.0	$1,203.0	$1,227.1	$1,214.8	$1,226.9	$1,226.9	$1,226.9
% Growth		*(8.8%)*	*1.9%*	*2.0%*	*(1.0%)*	*1.0%*	*0.0%*	*0.0%*
Revenue	$77,649.7	$79,237.7	$80,390.9	$81,151.9	$81,382.4	$81,948.8	$82,580.7	$83,134.1
		2.0%	*1.5%*	*0.9%*	*0.3%*	*0.7%*	*0.8%*	*0.7%*
EBITDA	$4,677.0	$4,317.7	$4,004.7	$3,359.7	$3,279.7	$3,196.0	$3,138.1	$3,159.1
EBITDA Margin (%)	*6.0%*	*5.4%*	*5.0%*	*4.1%*	*4.0%*	*3.9%*	*3.8%*	*3.8%*
EBIT	2,307.1	2,068.9	1,546.1	$1,501.3	$1,383.5	$1,393.1	$1,403.9	$1,413.3
EBIT Margin (%)	*3.0%*	*2.6%*	*1.9%*	*1.9%*	*1.7%*	*1.7%*	*1.7%*	*1.7%*
Depreciation & Amortization	$2,369.9	$2,248.8	$2,458.6	$1,858.4	$1,896.2	$1,802.9	$1,734.2	$1,745.8
D&A as a % of revenue	*3.1%*	*2.8%*	*3.1%*	*2.3%*	*2.3%*	*2.2%*	*2.1%*	*2.1%*

Terminal Value

Growth in perpetuity method:	
Long term growth rate	1.5%
WACC	6.6%
Free cash flow (t+1)	842.1
Terminal Value	16,381.8
Present Value of Terminal Value	**$11,878.3**

Enterprise Value to Equity Value

Enterprise Value	$15,999.2
Less: Net debt	7,469.4
Equity Value	**$8,529.8**
Diluted Shares Outstanding	549.3
Equity Value Per Share	**$15.53**

DCF - Upside

Select Operating Data

				Projected Annual Forecast				
	2022	2023	2024	2025	2026	2027	2028	2029
Period				1	2	3	4	5
Non-Perishables	$39,142.4	$39,977.3	$40,102.8	$40,824.7	$40,865.5	$41,478.5	$42,308.0	$43,154.2
% Growth		2.1%	0.3%	1.8%	0.1%	1.5%	2.0%	2.0%
Fresh	$25,585.4	$25,442.7	$25,507.3	$26,094.0	$26,146.2	$26,538.3	$27,201.8	$27,881.9
% Growth		(0.6%)	0.3%	2.3%	0.2%	1.5%	2.5%	2.5%
Pharmacy	$6,769.3	$8,240.0	$9,597.2	$10,988.8	$11,538.2	$11,942.1	$12,598.9	$13,354.8
% Growth		21.7%	16.5%	14.5%	5.0%	3.5%	5.5%	6.0%
Fuel	$4,857.6	$4,396.7	$3,980.6	$3,909.7	$3,909.7	$3,929.2	$4,027.4	$4,228.8
% Growth		(9.5%)	(9.5%)	(1.8%)	0.0%	0.5%	2.5%	5.0%
Other	$1,295.0	$1,181.0	$1,203.0	$1,227.1	$1,214.8	$1,226.9	$1,239.2	$1,257.8
% Growth		(8.8%)	1.9%	2.0%	(1.0%)	1.0%	1.0%	1.5%
Revenue	$77,649.7	$79,237.7	$80,390.9	$83,044.1	$83,674.3	$85,115.0	$87,375.4	$89,877.5
		2.0%	1.5%	3.3%	0.8%	1.7%	2.7%	2.9%
EBITDA	$4,677.0	$4,317.7	$4,004.7	$3,487.9	$3,706.8	$3,804.6	$3,993.1	$4,188.3
EBITDA Margin (%)	6.0%	5.4%	5.0%	4.2%	4.4%	4.5%	4.6%	4.7%
EBIT	2,307.1	2,068.9	1,546.1	$1,660.9	$1,757.2	$1,872.5	$1,922.3	$2,067.2
EBIT Margin (%)	3.0%	2.6%	1.9%	2.0%	2.1%	2.2%	2.2%	2.3%
Depreciation & Amortization	$2,369.9	$2,248.8	$2,458.6	$1,827.0	$1,949.6	$1,932.1	$2,070.8	$2,121.1
D&A as a % of revenue	3.1%	2.8%	3.1%	2.2%	2.3%	2.3%	2.4%	2.4%

Terminal Value

Growth in perpetuity method:	
Long term growth rate	1.5%
WACC	6.6%
Free cash flow (t+1)	1,854.4
Terminal Value	36,074.3
Present Value of Terminal Value	**$26,157.0**

Enterprise Value to Equity Value

Enterprise Value	$32,544.5
Less: Net debt	7,469.4
Equity Value	**$25,075.1**
Diluted Shares Outstanding	549.3
Equity Value Per Share	**$45.65**

DCF - Bloomberg Beta

WACC Calculations	
Capital Structure	
Total Debt	$7,763.00
Total Equity	$9,409.68
Debt-to-Total Capitalization	45.2%
Equity-to-Total Capitalization	54.8%
Cost of Debt	
Cost of Debt	*5.9%*
Tax Rate	*21.0%*
After-Tax Cost of Debt	4.7%
Cost of Equity	
Risk-free Rate	*4.4%*
Market Risk Premium	*5.5%*
Levered Beta	*0.39*
Cost of Equity	6.5%
WACC	**5.7%**

Terminal Value	
Growth in perpetuity method:	
Long term growth rate	1.5%
WACC	5.7%
Free cash flow (t+1)	1,602.3
Terminal Value	38,136.6
Present Value of Terminal Value	**$28,902.5**

Enterprise Value to Equity Value	
Enterprise Value	$34,875.2
Less: Net debt	7,469.4
Equity Value	**$27,405.8**
Diluted Shares Outstanding	549.3
Equity Value Per Share	**$49.89**

Business Model

Pharmacy Division Growth Factors:

- Expanding interest in GLP-1s
- Aging Population – more pharmacy needs
- Both Rite Aid and Walgreens have had to close over 1,000 stores each, which has allowed Albertsons pharmacies to gain more market share
- Former Rite Aid clients can request an prescription refill through Albertsons' app