

Comparable Trading Analysis

Strictly Confidential

Table of Contents

[Summary](#)

[Tesco \(TSCO\)](#)

[Sainsbury \(SBRY\)](#)

© 2015 to 2022 CFI Education Inc.

This Excel model is for educational purposes only and should not be used for any other reason. All content is Copyright material of CFI Education Inc. All rights reserved. The contents of this publication, including but not limited to all written material, content layout, images, formulas, and code, are protected under international copyright and trademark laws. No part of this publication may be modified, manipulated, reproduced, distributed, or transmitted in any form by any means, including photocopying, recording, or other electronic or mechanical methods, without prior written permission of the publisher, except in the case of certain noncommercial uses permitted by copyright law.

<https://corporatefinanceinstitute.com/>

Target Company: Implied Share Price



Comparable Trading Analysis

(YYYY-MM-DD)
Analysis Date 2022/08/31
Next Fiscal Year 2023

All figures in GBP millions unless stated
100 pence = 1 GBP

Company	Enterprise Value	Share Price	Market Cap	EBITDA ¹			EPS ¹			EV / EBITDA			P / E		
				LTM	FY 2023	FY 2024	LTM	FY 2023	FY 2024	LTM	FY 2023	FY 2024	LTM	FY 2023	FY 2024
		GBP/sh													
Tesco PLC	28,216	2.49	19,205	4,543	4,436	4,596	0.218	0.210	0.220	6.2x	6.4x	6.1x	11.4x	11.8x	11.3x
J Sainsbury plc	10,584	2.03	4,838	2,259	2,197	2,221	0.245	0.210	0.220	4.7x	4.8x	4.8x	8.3x	9.7x	9.2x
										Average			9.8x	10.8x	10.3x
										Median			9.8x	10.8x	10.3x
										Maximum			11.4x	11.8x	11.3x
										Minimum			8.3x	9.7x	9.2x

Forecast metrics based on Consensus research estimates. Last twelve months (LTM) based on actuals. ⁽¹⁾
EPS = Earnings Per Share.
FY = Fiscal Year.

Tesco PLC: Enterprise and Equity Value

All figures in GBP millions unless stated

100 pence = 1 GBP

Company Information

Stock Ticker		LSE: TSCO
Company Name		Tesco PLC
Analysis Date	(YYYY-MM-DD)	2022/08/31

Market Capitalization

Share Price	(GBP/sh)	2.4870
Shares Outstanding	(FD mm)	7,722.3
Market Capitalization	(FD)	19,205.3

Enterprise Value

Market Capitalization	(FD)	19,205.3
Plus: Net Debt		5,054.0
Plus: Lease Liabilities (Current & Non-Current)		7,958.0
Plus: Preferred Stock		–
Plus: Non-Controlling Interest		16.0
Less: Investments in Affiliates / JVs		(86.0)
Less: Investments, Securities, Other		(3,931.0)
Enterprise Value		28,216.3

Net Debt

Current Borrowings	725.0
Non-Current Borrowings	6,674.0
Other Debt	–
Total Debt	7,399.0
Less: Cash & Cash Equivalents	(2,345.0)
Net Debt	5,054.0

Tesco PLC: Income Statement Data (As Reported)

All figures in GBP millions unless stated

100 pence = 1 GBP

Income Statement

	Latest Fiscal Year 2022/02/26	Current YTD ¹ 2022/02/26	Previous YTD ¹ 2021/02/26	LTM 2022/02/26
Revenue	61,344.0	-	-	61,344.0
Cost of Sales	56,711.0	-	-	56,711.0
Gross Profit	4,633.0	-	-	4,633.0
Selling, General & Administrative	2,073.0	-	-	2,073.0
Operating Income (EBIT)	2,560.0	-	-	2,560.0
Finance Cost, net	551.0	-	-	551.0
Finance, Other Non-Operating Income	9.0	-	-	9.0
Income from Equity Investments ²	15.0	-	-	15.0
Earnings Before Tax (EBT)	2,033.0	-	-	2,033.0
Taxes	510.0	-	-	510.0
Consolidated Net Income	1,523.0	-	-	1,523.0
(Profit)/Loss from Discontinued Operations	40.0	-	-	40.0
Non-Controlling Interest	2.0	-	-	2.0
Net Income to Company	1,481.0	-	-	1,481.0

Diluted EPS (GBP/sh) 0.1912 na na 0.1912

Weighted Average Diluted Shares (mm) 7,746.0 - - 7,746.0

Use the 'cumulative quarter' or 'semi-annual' amount like 6-months ending instead of 3-months ending. ⁽¹⁾
Income from Equity Investments also includes income from unconsolidated affiliates and joint ventures (JVs). ⁽²⁾

Tesco PLC: Non-IFRS/Non-GAAP Metrics & Analyst Estimates

All figures in GBP millions unless stated

100 pence = 1 GBP

Normalization Adjustments ¹

Latest Fiscal Year 2022/02/26	Current YTD 2022/02/26	Previous YTD 2021/02/26	LTM 2022/02/26
Amounts included in Operating (Income)/Expense ²	265	-	265
Amounts included in Non-operating (Income)/Expense	(63)	-	(63)
Tax Impact of Adjustments	8	-	8

Non-IFRS Metrics & Analyst Estimates ³

Non-IFRS Metrics & Analyst Estimates ³	Latest	Current	Previous				
	Fiscal Year 2022/02/26	YTD 2022/02/26	YTD 2021/02/26	LTM 2022/02/26	FY 2023 2023/02/28	FY 2024 2024/02/29	
Revenue	61,344.0	-	-	61,344.0	63,466.1	64,719.6	
EBIT	2,825.0	-	-	2,825.0	2,675.3	2,813.6	
Depreciation & Amortization ⁴	1,718.0	-	-	1,718.0	na	na	
EBITDA	4,543.0	-	-	4,543.0	4,435.8	4,596.5	
Net Income to Company ⁵	1,691.0	-	-	1,691.0	1,579.6	1,625.7	
EPS Numerator Adjustment	-	-	-	-			
EPS Denominator Adjustment	(mm)	-	-	-			
Diluted EPS	(GBP/sh)	0.2183	na	na	0.2183	0.2100	0.2200

Current Trading Multiples

	LTM 2022/02/26	FY 2023 2023/02/28	FY 2024 2024/02/29
Enterprise Value / Revenue	0.5x	0.4x	0.4x
Enterprise Value / EBITDA	6.2x	6.4x	6.1x
Price / Earnings	11.4x	11.8x	11.3x

Normalization refers to non-recurring/adjusting items in a company's financials. Also may be called Non-IFRS, Non-GAAP or Non-underlying. ⁽¹⁾

Adjustments include items in COGS and SG&A. ⁽²⁾

These figures also include Non-GAAP estimates. ⁽³⁾

Not applicable since we have EBITDA estimates. ⁽⁴⁾

This should reflect the Continuing Net Income attributable to the Company. ⁽⁵⁾

Tesco PLC: Fully Diluted Shares Outstanding

All figures in GBP millions unless stated

100 pence = 1 GBP

Shares Outstanding	Amount	Other Stock Awards	Unvested Outstanding
	(mm)		(mm)
Basic Shares Outstanding	7,638.0	Restricted Stock Units (RSUs)	–
Dilution From Unvested Stock Awards	54.7	Performance Shares	41.6
Dilution From Options & Dilutive Securities ¹	29.6	Other	13.1
Fully Diluted Shares Outstanding	7,722.3	Total	54.7

Options & Warrants	Number Outstanding	Share Price	Exercise Price	Options ITM?	Number Exercised	Proceeds
	(mm)	(GBP/sh)	(GBP/sh)		(mm)	
Stock Options - Tranche 1	160.49	2.49	2.0834	Yes	160.49	334.4
Stock Options - Tranche 2	6.80	2.49	2.1223	Yes	6.80	14.4
Stock Options - Tranche 3	2.01	2.49	–	Yes	2.01	–
Stock Options - Tranche 4	0.01	2.49	1.5201	Yes	0.01	0.0
Stock Options - Tranche 5	0.54	2.49	–	Yes	0.54	–
Stock Options - Tranche 6	–	2.49	–	No	–	–
Stock Options - Tranche 7	–	2.49	–	No	–	–
Stock Options - Tranche 8	–	2.49	–	No	–	–
Warrants	–	2.49	–	No	–	–
Total					169.85	348.8

	Amount
	(mm)
In-the-Money Options	169.9
Less: Shares Repurchased by Treasury	(140.3)
Number of Additional Shares Issued	29.6

Calculated using the Treasury Stock Method. ⁽¹⁾

J Sainsbury plc: Enterprise and Equity Value

All figures in GBP millions unless stated

100 pence = 1 GBP

Company Information

Stock Ticker	LSE: SBRY
Company Name	J Sainsbury plc
Analysis Date	(YYYY-MM-DD) 2022/08/31

Market Capitalization

Share Price	(GBP/sh)	2.0340
Shares Outstanding	(FD mm)	2,378.4
Market Capitalization	(FD)	4,837.6

Enterprise Value

Market Capitalization	(FD)	4,837.6
Plus: Net Debt		(64.0)
Plus: Lease Liabilities (Current & Non-Current)		6,621.0
Plus: Preferred Stock		–
Plus: Non-Controlling Interest		–
Less: Investments in Affiliates / JVs		(3.0)
Less: Investments, Securities, Other		(808.0)
Enterprise Value		10,583.6

Net Debt

Current Borrowings	54.0
Non-Current Borrowings	707.0
Other Debt	–
Total Debt	761.0
Less: Cash & Cash Equivalents	(825.0)
Net Debt	(64.0)

J Sainsbury plc: Income Statement Data (As Reported)

All figures in GBP millions unless stated

100 pence = 1 GBP

Income Statement		Latest Fiscal Year 2022/03/05	Current YTD ¹ 2022/03/05	Previous YTD ¹ 2021/03/05	LTM 2022/03/05
Revenue		29,895.0	-	-	29,895.0
Cost of Sales		27,529.0	-	-	27,529.0
Gross Profit		2,366.0	-	-	2,366.0
Selling, General & Administrative		1,210.0	-	-	1,210.0
Operating Income (EBIT)		1,156.0	-	-	1,156.0
Finance Cost, net		322.0	-	-	322.0
Finance, Other Non-Operating Income		20.0	-	-	20.0
Income from Equity Investments ²		-	-	-	-
Earnings Before Tax (EBT)		854.0	-	-	854.0
Taxes		177.0	-	-	177.0
Consolidated Net Income		677.0	-	-	677.0
(Profit)/Loss from Discontinued Operations		-	-	-	-
Non-Controlling Interest		-	-	-	-
Net Income to Company		677.0	-	-	677.0
Diluted EPS	(GBP/sh)	0.2880	na	na	0.2880
Weighted Average Diluted Shares	(mm)	2,351.0	-	-	2,351.0

Use the 'cumulative quarter' or 'semi-annual' amount like 6-months ending instead of 3-months ending. ⁽¹⁾
Income from Equity Investments also includes income from unconsolidated affiliates and joint ventures (JVs). ⁽²⁾

J Sainsbury plc: Non-IFRS/Non-GAAP Metrics & Analyst Estimates

All figures in GBP millions unless stated

100 pence = 1 GBP

Normalization Adjustments ¹

Latest Fiscal Year 2022/03/05	Current YTD 2022/03/05	Previous YTD 2021/03/05	LTM 2022/03/05
-------------------------------------	------------------------------	-------------------------------	-------------------

Amounts included in Operating (Income)/Expense ²	(117.0)	-	-	(117.0)
Amounts included in Non-operating (Income)/Expense	(7.0)	-	-	(7.0)
Tax Impact of Adjustments	23.0	-	-	23.0

Non-IFRS Metrics & Analyst Estimates ³

Latest Fiscal Year 2022/03/05	Current YTD 2022/03/05	Previous YTD 2021/03/05	LTM 2022/03/05	FY 2023 2023/03/31	FY 2024 2024/03/31
-------------------------------------	------------------------------	-------------------------------	-------------------	-----------------------	-----------------------

Revenue	29,895.0	-	-	29,895.0	30,416.2	30,768.1
EBIT	1,039.0	-	-	1,039.0	969.8	998.8
Depreciation & Amortization ⁴	1,220.0	-	-	1,220.0	na	na
EBITDA	2,259.0	-	-	2,259.0	2,196.8	2,221.5
Net Income to Company ⁵	576.0	-	-	576.0	486.7	506.0
EPS Numerator Adjustment	-	-	-	-		
EPS Denominator Adjustment	(mm)	-	-	-		
Diluted EPS	(GBP/sh)	0.2450	na	na	0.2100	0.2200

Current Trading Multiples

LTM 2022/03/05	FY 2023 2023/03/31	FY 2024 2024/03/31
-------------------	-----------------------	-----------------------

Enterprise Value / Revenue	0.4x	0.3x	0.3x
Enterprise Value / EBITDA	4.7x	4.8x	4.8x
Price / Earnings	8.3x	9.7x	9.2x

Normalization refers to non-recurring/adjusting items in a company's financials. Also may be called Non-IFRS, Non-GAAP or Non-underlying. ⁽¹⁾

Adjustments include items in COGS and SG&A. ⁽²⁾

These figures also include Non-GAAP estimates. ⁽³⁾

Not applicable since we have EBITDA estimates. ⁽⁴⁾

This should reflect the Continuing Net Income attributable to the Company. ⁽⁵⁾

J Sainsbury plc: Fully Diluted Shares Outstanding

All figures in GBP millions unless stated

100 pence = 1 GBP

Shares Outstanding	Amount	Other Stock Awards	Unvested Outstanding
	(mm)		(mm)
Basic Shares Outstanding	2,336.0	Restricted Stock Units (RSUs)	–
Dilution From Unvested Stock Awards	37.4	Performance Shares	18.5
Dilution From Options & Dilutive Securities ¹	5.0	Other	18.9
Fully Diluted Shares Outstanding	2,378.4	Total	37.4

Options & Warrants	Number Outstanding	Share Price	Exercise Price	Options ITM?	Number Exercised	Proceeds
	(mm)	(GBP/sh)	(GBP/sh)		(mm)	
Stock Options - Tranche 1	58.30	2.03	1.8600	Yes	58.30	108.4
Stock Options - Tranche 2	–	2.03	–	No	–	–
Stock Options - Tranche 3	–	2.03	–	No	–	–
Stock Options - Tranche 4	–	2.03	–	No	–	–
Stock Options - Tranche 5	–	2.03	–	No	–	–
Stock Options - Tranche 6	–	2.03	–	No	–	–
Stock Options - Tranche 7	–	2.03	–	No	–	–
Stock Options - Tranche 8	–	2.03	–	No	–	–
Warrants	–	2.03	–	No	–	–
Total					58.30	108.4

	Amount
	(mm)
In-the-Money Options	58.3
Less: Shares Repurchased by Treasury	(53.3)
Number of Additional Shares Issued	5.0

Calculated using the Treasury Stock Method. ⁽¹⁾