

BEST BUY 2020: BUILDING THE NEW BLUE

INVESTOR DAY

SEPTEMBER 19, 2017



FORWARD-LOOKING AND CAUTIONARY STATEMENTS:

This presentation includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that reflect management's current views regarding future financial conditions, results of operations, business initiatives, growth plans, operational investments and prospects of the company. These statements use words such as "believe," "assume," "estimate," "expect," "outlook," "opportunities" and other words and terms of similar meaning. They are subject to a number of risks and uncertainties that could cause actual results to differ materially from the potential results discussed in the forward-looking statements. Among the factors that could cause actual results to differ materially from those contained in such statements are: changes in macro-economic conditions, consumer preferences, consumer confidence or spending and debt levels, our product mix, credit market changes, product availability, changes in the costs of imports, initiatives of competitors, the integrity of our data systems, the company's ability to prevent or react to a disaster recovery situation, changes in laws, the impact of labor markets, our ability to retain qualified employees, failure to achieve anticipated cost reductions, disruptions in our supply chain, and development of new businesses. Please refer to the company's current SEC filings, including its most recent Form 10-K, for more information on these risks and uncertainties. Best Buy cautions that any forward-looking statements speak only as of the date they are made, and Best Buy assumes no obligation to update any forward-looking statement that it may make.

PRESENTATION OF FINANCIAL INFORMATION:

This presentation includes non-GAAP financial measures. These non-GAAP financial measures are provided to facilitate meaningful year-over-year comparisons, but should not be considered superior to, as a substitute for, and should be read in conjunction with, the GAAP financial measures for the period. A reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures, and an explanation of why these non-GAAP financial measures are useful, can be found in the "Financial Info" section of our website investors.bestbuy.com.



PRESENTERS



Hubert Joly

Chairman and Chief Executive Officer



Corie Barry

Chief Financial Officer



Shari Ballard

Senior Executive Vice President and
President of Multichannel Retail



Mike Mohan

Senior Executive Vice President and
Chief Merchandising and Marketing Officer



KEY QUESTIONS



What were the results of Renew Blue? What have we learned?



How attractive is the environment in which Best Buy operates?



How does Best Buy win in this environment, and how does this lead to strong value creation for our shareholders?

INVESTMENT THESIS

1. Opportunity-rich environment driven by innovation and customers' need for help
2. Market share leader with unique opportunities to expand what we sell and evolve how we sell
3. Proven ability to execute and compete successfully
4. Significant sources of competitive advantage and differentiation, including our ability to help customers online, in stores and in their homes:
 - Digital and physical
 - Selling and supporting
5. Financial strength to invest and play to win, with cost-reduction opportunities to help offset investments and pressures
6. Strong cash flow and attractive return to shareholders
7. Modest valuation

WHERE WE HAVE BEEN ...

RENEW BLUE



FIVE YEARS AGO, BEST BUY FACED TWO PROBLEMS.

PROBLEM #1

**NEGATIVE
COMPS**

PROBLEM #2

**DECLINING
OPERATING
MARGIN**

IN NOVEMBER 2012, THE COMPANY LAUNCHED ITS RENEW BLUE STRATEGY TO ADDRESS THESE TWO PROBLEMS.

RENEW BLUE

THE PREFERRED AUTHORITY AND DESTINATION
FOR TECHNOLOGY PRODUCTS AND SERVICES



Reinvigorate and rejuvenate the
CUSTOMER EXPERIENCE



Work with
VENDOR PARTNERS
to innovate and drive value



Continue leadership role in positively impacting
OUR WORLD



Attract and inspire
LEADERS AND EMPLOYEES

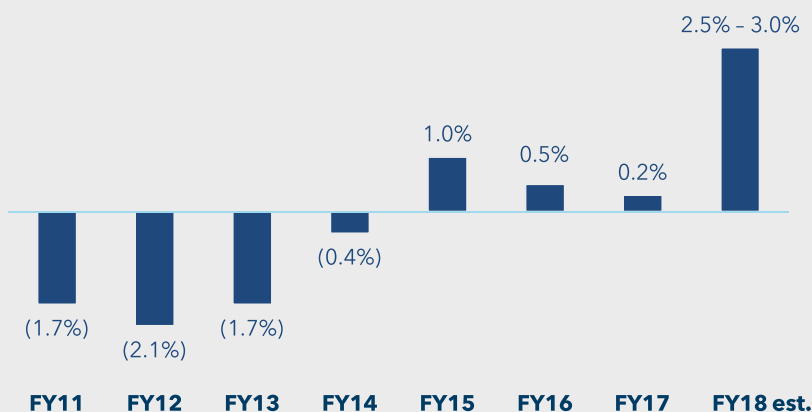


Increase ROIC for
INVESTORS

THE STRATEGY WORKED: COMPARABLE SALES AND OPERATING INCOME ARE UP.

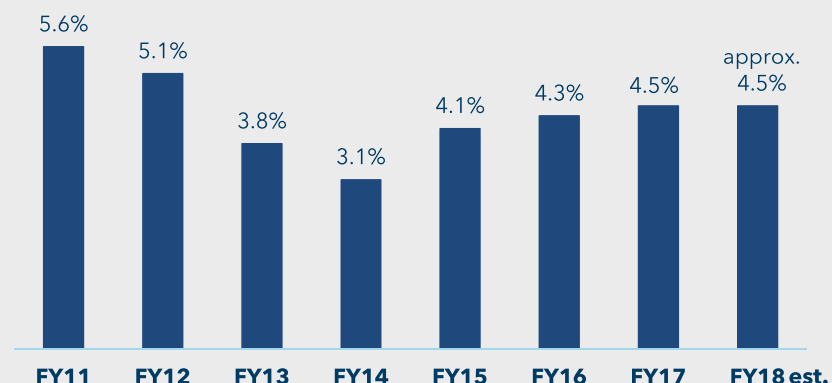
SOLVED PROBLEM #1

DOMESTIC COMPARABLE SALES¹



SOLVED PROBLEM #2

DOMESTIC NON-GAAP OPERATING INCOME RATE¹

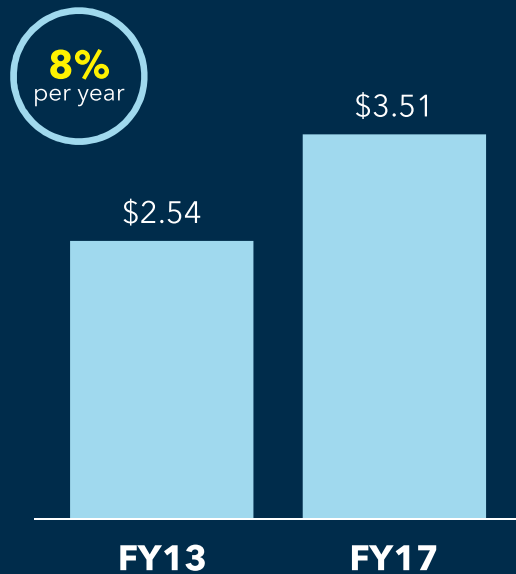


¹ For "GAAP to non-GAAP" definitions and reconciliations, please refer to the recast financial schedules posted on the company's investor relations website at investors.bestbuy.com. The company is unable to reconcile projected GAAP operating income to non-GAAP operating income without unreasonable effort because of the inherent difficulty in predicting the occurrence, the financial impact and the periods in which potential non-GAAP adjustments may be recognized (e.g., restructuring charges; litigation settlements; goodwill impairments; gains and losses on investments; and the tax effect of all such items). For the same reasons, the company is unable to address the probable significance of the unavailable information, which could be material to future results.

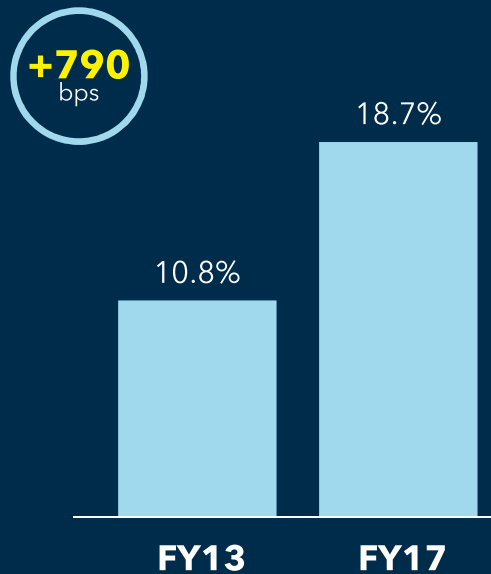


EARNINGS AND ROIC ARE UP MATERIALLY, AND TOTAL SHAREHOLDER RETURN HAS BEEN IN THE TOP 10% OF THE S&P 500.

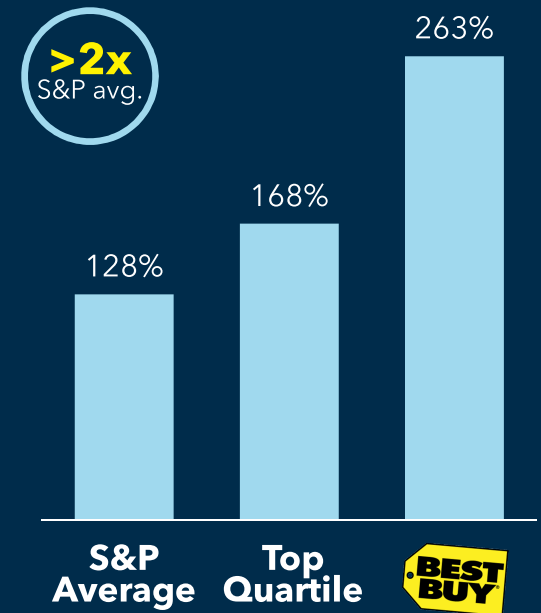
Non-GAAP Diluted EPS¹



Non-GAAP ROIC¹



Total Shareholder Return²



¹ For "GAAP to non-GAAP" and "non-GAAP Return on Invested Capital" definitions and reconciliations, please refer to the recast financial schedules posted on the company's investor relations website at investors.bestbuy.com.
² 5-year Total Shareholder Return (TSR) as of Sept. 1, 2017; Sourced from Bloomberg Total Returns from Sept. 1, 2012 through Sept. 1, 2017; Calculated as the return resulting from the difference in share price plus cumulative re-invested dividends; S&P Average is the TSR of the average TSR returning company in the S&P 500.

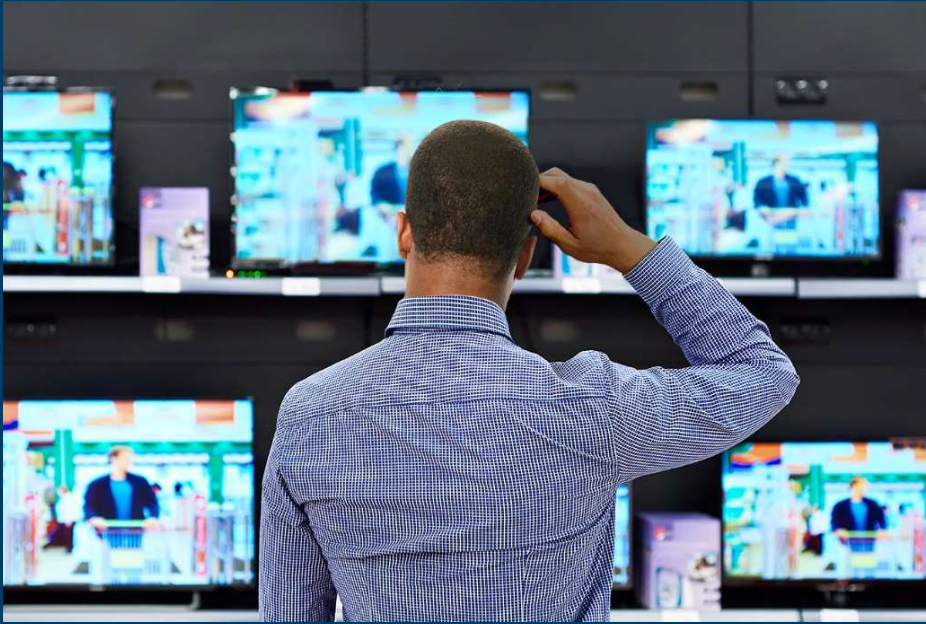
THE LAST FIVE YEARS HAVE VALIDATED OUR CORE STRATEGIC BELIEFS.

It is possible to win financially with **competitive prices** and a **higher level of service**.

Multichannel is a **great asset**.

Winning is not a **zero-sum game** against a single competitor.

ONE MORE THING WE HAVE LEARNED ...



Technology is amazing, but buying and using electronics is still, too often, **not an ideal experience.**



Many customers are looking for more than a transaction; they are looking for a **solution to their human needs.**

LAST MARCH, BEST BUY DECLARED
RENEW BLUE OVER
AND UNVEILED ...



BEST BUY®
2020
BUILDING THE
NEW
BLUE



BEFORE WE DISCUSS THE STRATEGY, IT IS IMPORTANT TO STEP BACK AND LOOK AT OUR MARKET STRATEGICALLY.

Traditional concerns about the market:

No growth

Commodity business

Cyclical/volatile industry

OUR ANALYSIS IS THAT WE ARE OPERATING IN A STRATEGICALLY ATTRACTIVE MARKET.



Opportunity-rich environment



Material room for differentiation



Industry is more stable than it may seem

TECHNOLOGY INNOVATION IS VIBRANT AND EXCITING.

Opportunity-rich environment

Material room for differentiation

Industry is more stable than it may seem

INVESTMENT IN CONSUMER ELECTRONICS STARTUPS¹

UP 5x FROM 2010 TO 2016

SQUARE FOOTAGE AT CONSUMER ELECTRONICS SHOW (CES)²

2012
1.9 MILLION
SQ. FT.

2017
2.6 MILLION
SQ. FT.

Source:

¹ Pitchbook Data Inc.; venture capital investment in consumer electronics hardware startups in the U.S.

² CES Press Release



MILLENNIALS ARE FINALLY INVESTING ON THEIR OWN, ...

Opportunity-rich environment

Material room for differentiation

Industry is more stable than it may seem

Millennials have become the largest group of homebuyers, and almost half live in the suburbs.

— Bloomberg, 2017

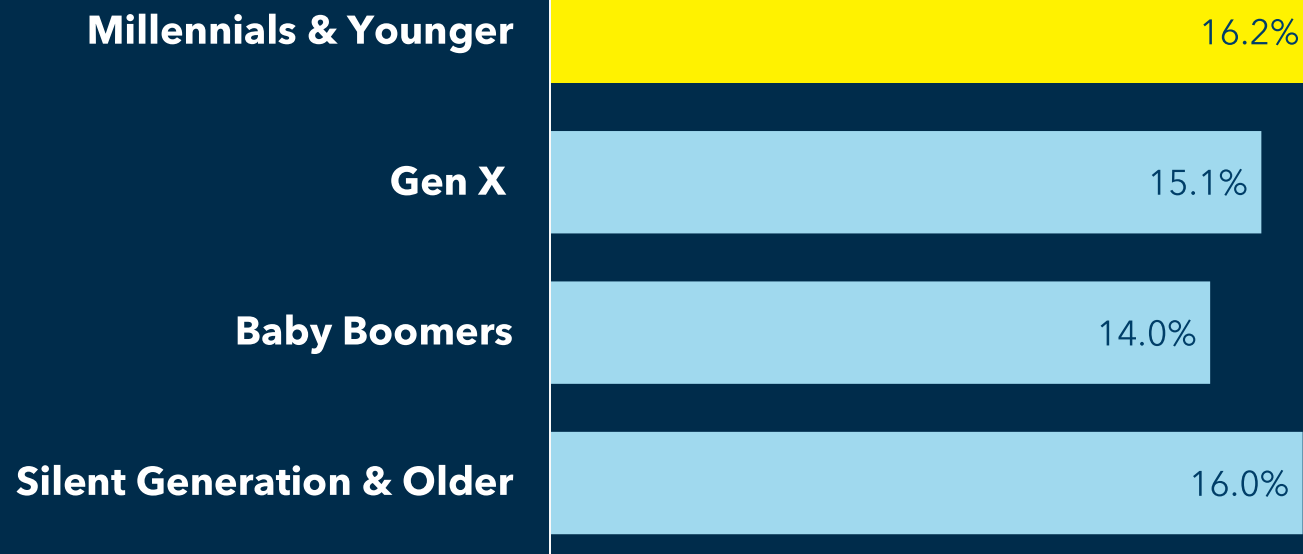
The number of Millennials purchasing consumer electronics increased 27% year over year, compared with 18% of the rest of the population.

— Gallup, 2017

... AND BEST BUY IS WELL POSITIONED TO TAKE ADVANTAGE OF THIS.

- Opportunity-rich environment
- Material room for differentiation
- Industry is more stable than it may seem

Best Buy Market Share



Source: NPD Consumer Data as of FY18 year to date, does not include major appliances, music or movies
Age Breakdown: Millennials & Younger (16-38), Gen X (39-53), Baby Boomers (54-72), Silent Generation & Older (73+)

THE AGING POPULATION IS LOOKING FOR WAYS TO REMAIN HEALTHY, ACTIVE AND INDEPENDENT.

Opportunity-rich environment

Material room for differentiation

Industry is more stable than it may seem

51 MILLION seniors in the U.S. population; number projected to grow by 36% by 2027¹



90% of seniors want to stay in their homes as they age; however, their No. 1 concern in doing so is not being a burden on others²



LATENT DEMAND IS WAITING TO BE UNLOCKED, AS THE AVERAGE SPEND PER PERSON BARELY VARIES ACROSS CUSTOMER GROUPS.

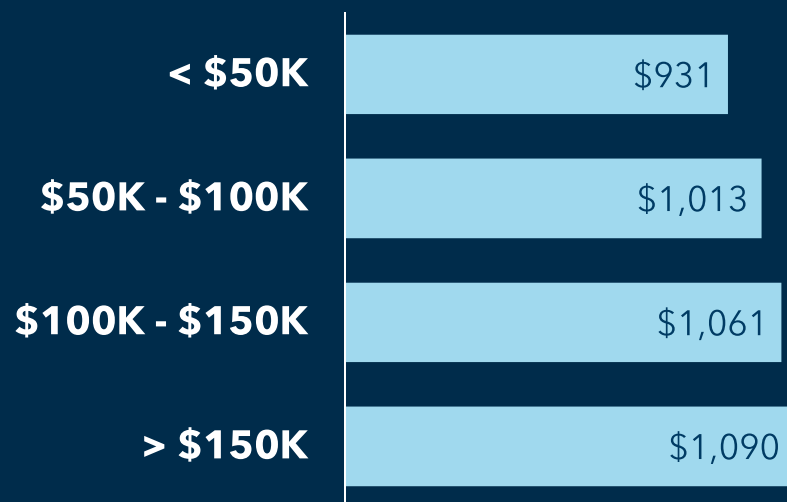
Opportunity-rich environment

Material room for differentiation

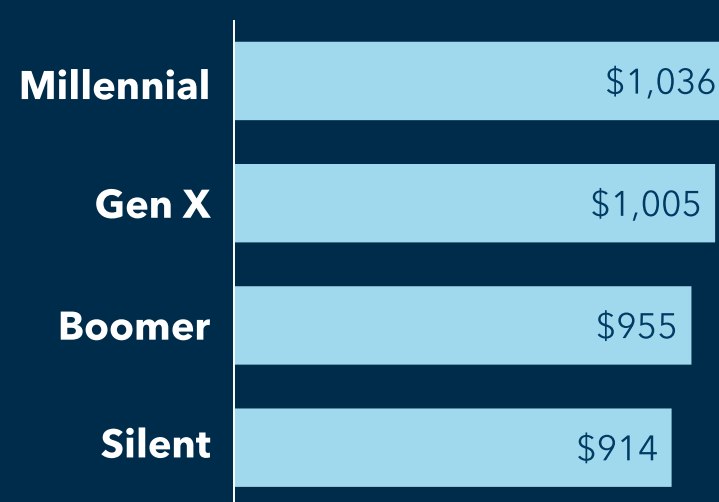
Industry is more stable than it may seem

Industrywide Annual Consumer Electronics Spend Per Person

By Income



By Generation



Source: 2015 Best Buy Demand Landscape and Customer Segmentation Survey
Age groups at time of data compilation: Millennials-16-35, Gen X-36-50, Boomers-51-69, Silent-70+

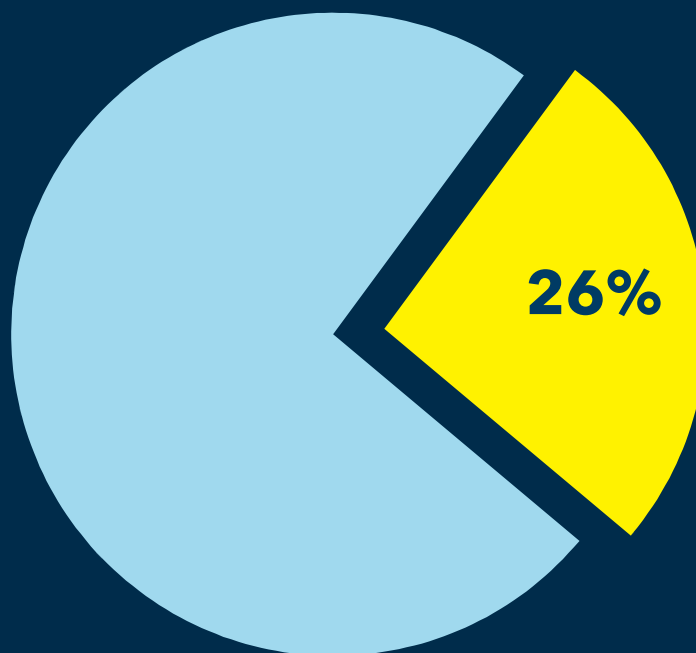
BEST BUY'S SHARE OF WALLET OF EXISTING SHOPPERS HAS SIGNIFICANT UPSIDE.

Opportunity-rich environment

Material room for differentiation

Industry is more stable than it may seem

Best Buy's Share of Its Customers' Consumer Electronics Spend

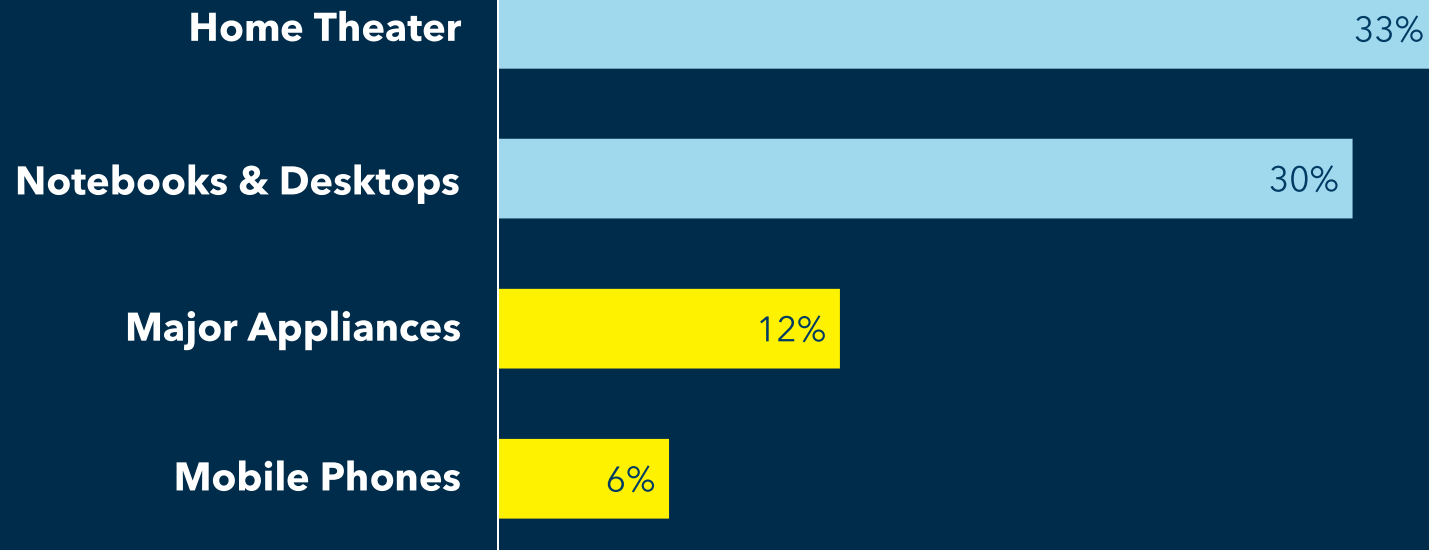


Source: NPD and Best Buy Analysis, 2015
Represents share of wallet over a 5-year period
Does not include major appliances, music, and movies

WHILE BEST BUY COMMANDS A HIGH MARKET SHARE IN CERTAIN CATEGORIES, ITS PRESENCE WITHIN UNDERPENETRATED CATEGORIES HAS SIGNIFICANT UPSIDE.

Opportunity-rich environment
Material room for differentiation
Industry is more stable than it may seem

Best Buy Market Share

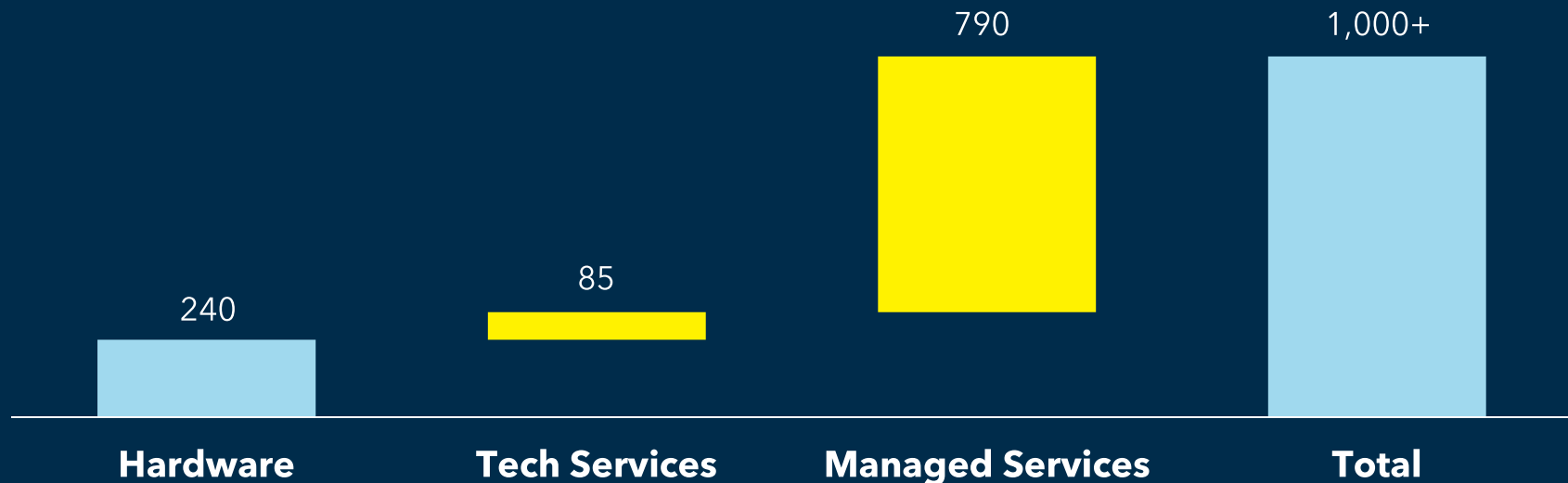


Source: NPD, Stevenson Traqline
Trailing 12 months ending June 2017

AS IS THE CASE IN MANY INDUSTRIES,
CUSTOMERS ARE SPENDING MORE ON
SERVICES, A LARGELY UNTAPPED
OPPORTUNITY FOR BEST BUY.

- Opportunity-rich environment
- Material room for differentiation
- Industry is more stable than it may seem

Consumer Spending on Technology Products and Services
(\$ Billion)



Source: Best Buy internal analysis based on various external data sources ranging from 2015 to 2017.

OUR ANALYSIS IS THAT WE ARE OPERATING IN A STRATEGICALLY ATTRACTIVE MARKET.

Opportunity-rich environment

Material room for differentiation

Industry is more stable than it may seem

THE MARKET IS NOT A COMMODITY MARKET, AND IT OFFERS MATERIAL ROOM FOR DIFFERENTIATION.

Opportunity-rich environment

Material room for differentiation

Industry is more stable than it may seem

Buying technology products is often a **major, complex decision.**

Many **customers need help** with:

- Finding the right product
- Making it all work together
- Getting the most out of technology
- Keeping it going

Best Buy is growing share with a **differentiated value proposition.**

THE WAY WE DEFINE OUR MARKET AMPLIFIES THE OPPORTUNITIES FOR DIFFERENTIATION.

Opportunity-rich environment

Material room for differentiation

Industry is more stable than it may seem



Not just selling products ...



... but connecting human needs with technology solutions.



OUR ANALYSIS IS THAT WE ARE OPERATING IN A STRATEGICALLY ATTRACTIVE MARKET.

Opportunity-rich environment

Material room for differentiation

Industry is more stable than it may seem

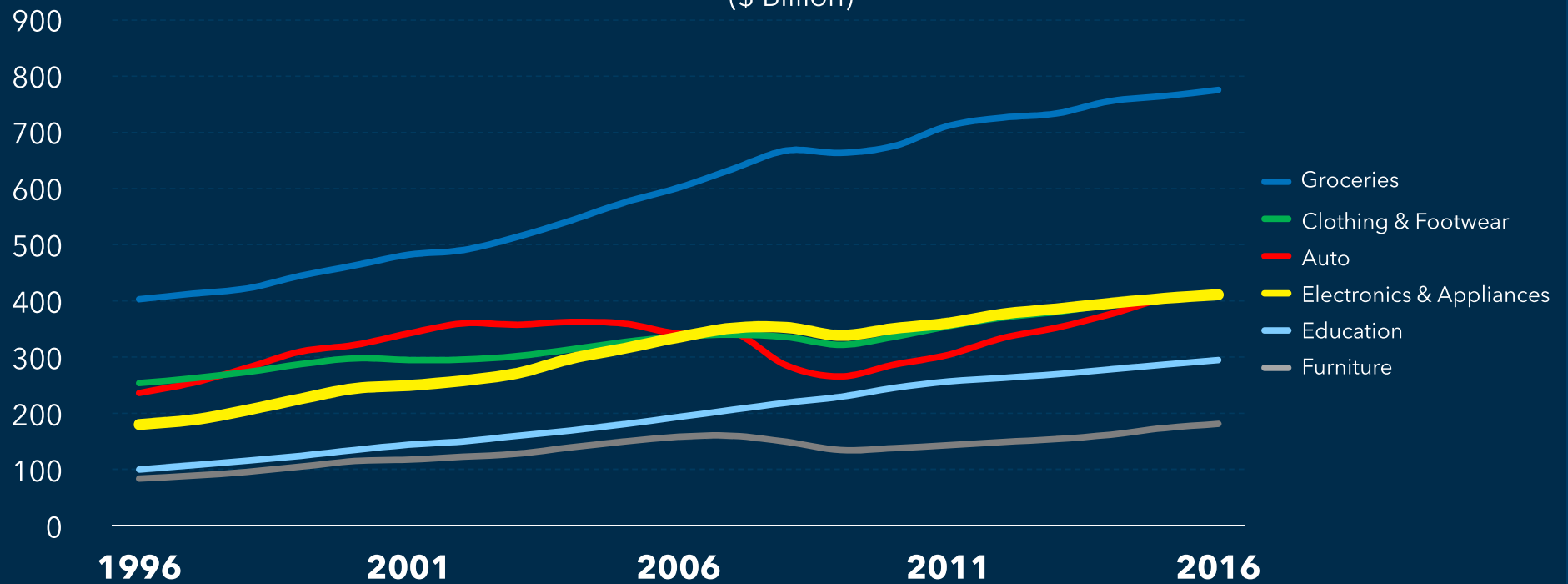
VOLATILITY OF CONSUMER TECHNOLOGY SPEND IS COMPARABLE TO OTHER CATEGORIES.

Opportunity-rich environment

Material room for differentiation

Industry is more stable than it may seem

Personal Consumption
(\$ Billion)



Source: Bureau of Economic Analysis (BEA), Personal Consumption Expenditures

Electronics & Appliances includes the following categories defined by the BEA: video equipment and services, audio equipment and services, information processing equipment (computers) and services, large and small appliances, appliance repair services, photographic goods and services and phones.



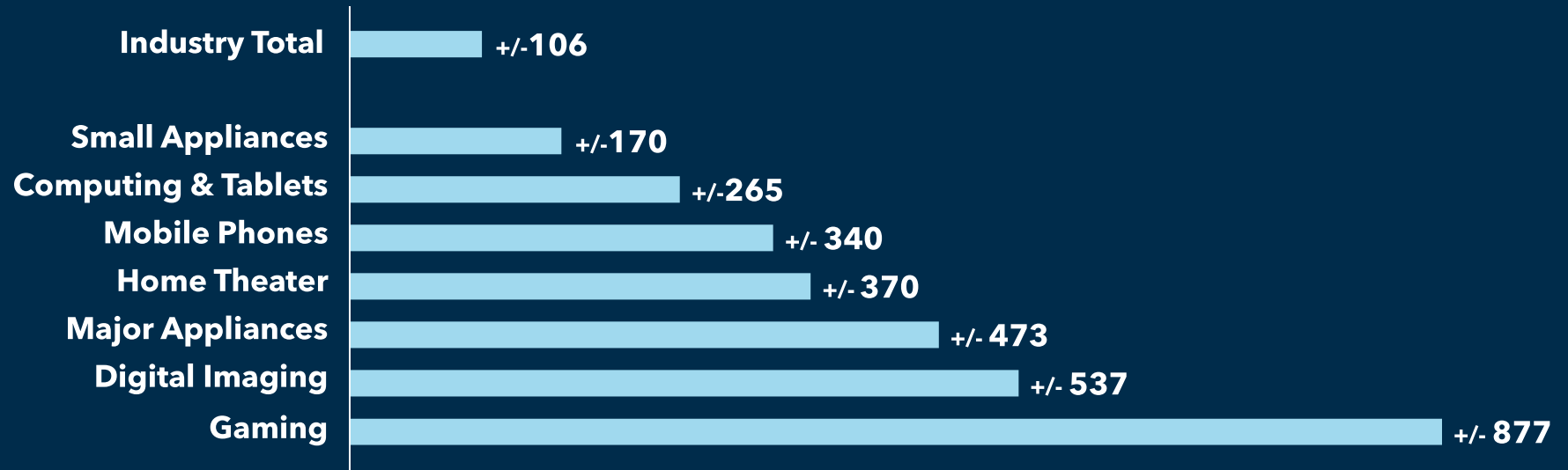
OVERALL INDUSTRY VOLATILITY IS LOW,
EVEN THOUGH VOLATILITY AT THE CATEGORY
LEVEL IS HIGH.

Opportunity-rich environment

Material room for differentiation

Industry is more stable than it may seem

Standard Deviation of Quarterly Growth Rates
(June 2014 to June 2017)



Dealing with category volatility is one of Best Buy's core strengths.



Source: NPD, Stevenson Traqline, AHAM
Industry total includes other CE categories not shown. Average standard deviation of all categories is 765.

OUR ANALYSIS IS THAT WE ARE OPERATING IN
A STRATEGICALLY ATTRACTIVE MARKET.



Opportunity-rich environment



Material room for differentiation



Industry is more stable than it may seem

BEST BUY®
2020
BUILDING THE
NEW
BLUE



AGAINST THIS BACKDROP,
BEST BUY 2020 IS DESIGNED
TO TAKE ADVANTAGE OF

KEY GROWTH OPPORTUNITIES

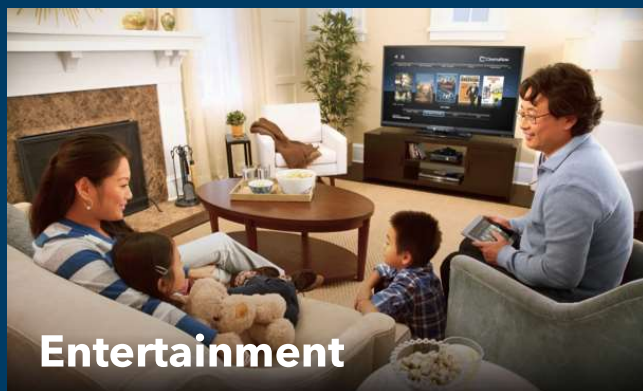
BEST BUY HAS A CLEAR, EXCITING PURPOSE.

“We dream of a Best Buy that truly helps customers pursue their passions and enrich their lives with the help of technology.”

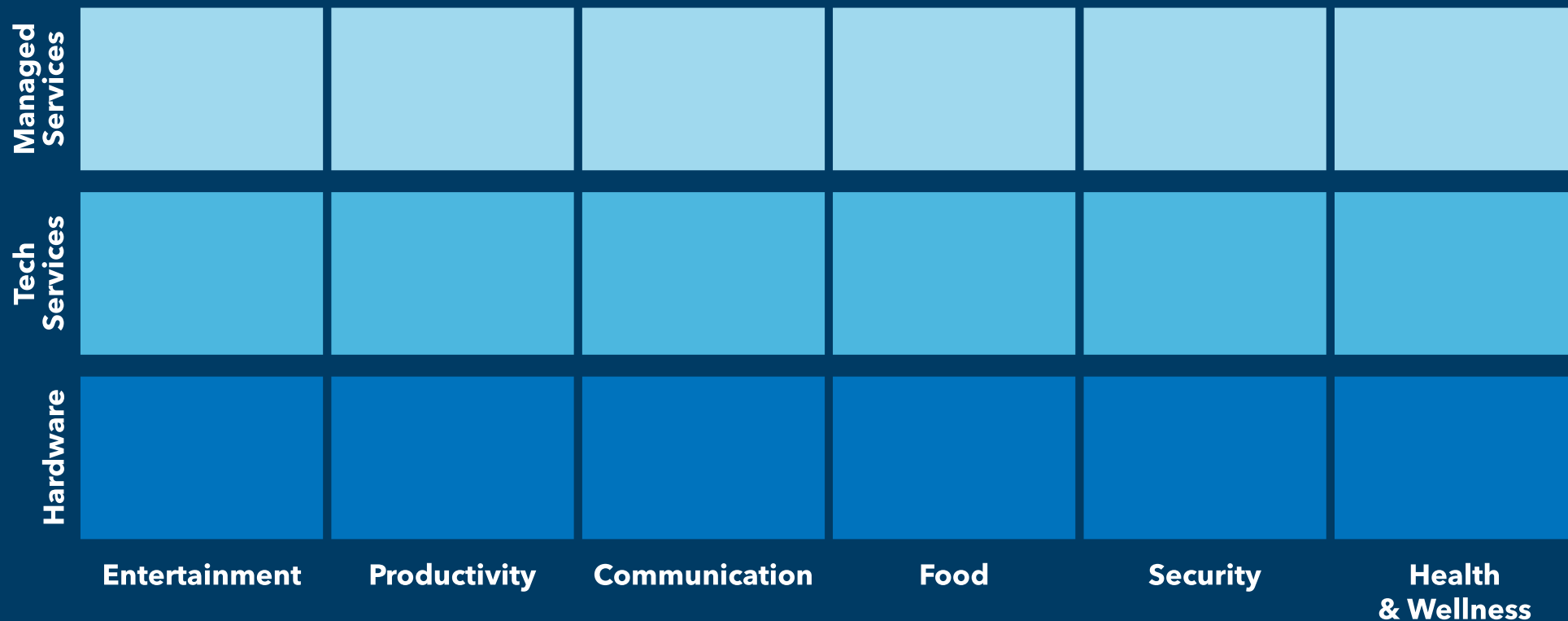
— BEST BUY STATEMENT OF PURPOSE



BEST BUY 2020 IS FOCUSED ON ADDRESSING KEY HUMAN NEEDS.



A WAY FOR US TO ADDRESS THESE NEEDS IS
TO "COMPLETE THE STACK."



BEST BUY 2020 IS DESIGNED WITH A SPECIFIC CUSTOMER SEGMENT IN MIND.

High-Touch Tech Fans are highly engaged consumers who **love technology**. They enjoy **showing it off** to others.

They seek the **latest tech**, especially emerging categories, and are **multichannel** shoppers.

They want **high-touch service**.

HIGH-TOUCH TECH FANS

DEMOGRAPHICS

50/50 Male/Female

50% Millennial

\$87,000 Average
Household Income

BEHAVIORS

- High expectations
- Early adopters
- Brand seekers
- Looking for best price
- Buy across categories
- Willing to pay for service

BEST BUY 2020 GROWTH STRATEGY ENTAILS TWO PILLARS:

EXPAND
**WHAT
WE SELL**

EVOLVE
**HOW
WE SELL**

BEST BUY 2020 GROWTH STRATEGY ENTAILS TWO PILLARS:

EXPAND
**WHAT
WE SELL**

EVOLVE
**HOW
WE SELL**

BEST BUY IS LEVERAGING UNIQUE SKILLS AND ASSETS TO ACCELERATE GROWTH IN NEW AREAS.

EXPAND
WHAT
WE SELL

EVOLVE
HOW
WE SELL

Best Buy has a strong set of unique skills and assets that, when deployed together, have led to creating markets and achieving market-leading positions in many categories.

There are three specific examples of expansion we are pursuing or exploring that leverage these skills:

- Smart Home Management
- Assured Living
- Total Tech Support

BEST BUY HAS A STRONG SET OF UNIQUE SKILLS AND ASSETS THAT, WHEN DEPLOYED TOGETHER, HAVE LED TO CREATING MARKETS AND ACHIEVING MARKET-LEADING POSITIONS IN MANY CATEGORIES.

EXPAND
WHAT
WE SELL

EVOLVE
HOW
WE SELL



Curated assortment

Joint product development with top technology vendors, expert curation based on deep understanding of customer needs



Targeted marketing

Desirable customer base, targeted marketing to reach millions of relevant customers effectively



Needs-based demos

Hands-on experiences for customers to learn about how the technology solves needs



Needs-based selling expertise

Training and content focused on addressing lifestyle needs to aid in discovery and buying



Geek Squad support

Ability to support customers in installing, setting up and operating the solution they bought



THESE SKILLS HAVE ALLOWED BEST BUY TO SUCCESSFULLY LAUNCH MEANINGFUL PRODUCT INNOVATIONS, SUCH AS 4K TV.

EXPAND
WHAT
WE SELL

EVOLVE
HOW
WE SELL



SIMILARLY, THIS APPROACH HAS ENABLED BEST BUY TO REVITALIZE THE COMPUTING MARKET IN PARTNERSHIP WITH KEY VENDORS.

EXPAND
WHAT
WE SELL

EVOLVE
HOW
WE SELL

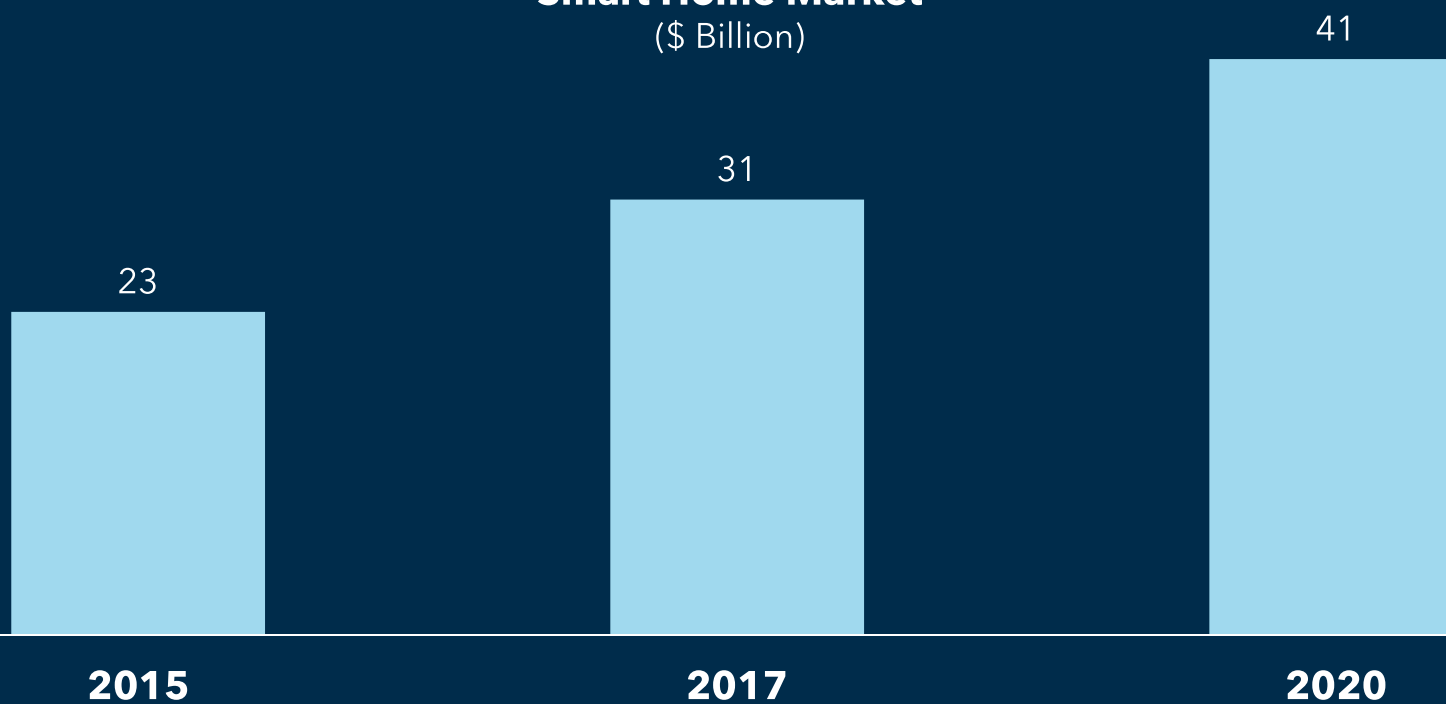


SMART HOME MANAGEMENT IS A LARGE AND GROWING MARKET.

EXPAND
WHAT
WE SELL

EVOLVE
HOW
WE SELL

Smart Home Market
(\$ Billion)



Sources: Strategy Analytics 2015; includes hardware, software, and installation for entertainment, home control, and home safety and security. This information does not include monitoring revenue.

BEST BUY IS UNIQUELY POSITIONED TO SUCCEED IN THE SMART HOME MARKET.

EXPAND
WHAT
WE SELL

EVOLVE
HOW
WE SELL

	Curated assortment		
	Targeted marketing		
	Needs-based demos		
	Needs-based selling expertise		
	Geek Squad support		

OUR GROWTH STRATEGY LEVERAGES OUR ASSORTMENT EXPERTISE.

EXPAND
WHAT
WE SELL

EVOLVE
HOW
WE SELL



IT ALSO ENTAILS DEMONSTRATING NEW TECHNOLOGY SOLUTIONS IN A MEANINGFUL WAY, ...

EXPAND
WHAT
WE SELL

EVOLVE
HOW
WE SELL



... AND ENTERING THE MANAGED SERVICES PART OF THE SECURITY-CUSTOMER-NEED STACK.

EXPAND
WHAT
WE SELL

EVOLVE
HOW
WE SELL



Managed
Services



Tech
Services



Hardware



Security



BEST BUY WILL HAVE MARKET-LEADING SMART HOME PRESENCE BY THE END OF OCTOBER.

EXPAND
WHAT
WE SELL

EVOLVE
HOW
WE SELL

ALL STORES

WILL HAVE
ENHANCED
SMART HOME AREAS

450

STORES SELLING
BEST BUY SMART
HOME POWERED
BY VIVINT

1,500

ADDITIONAL
DEDICATED
SMART HOME
STAFF

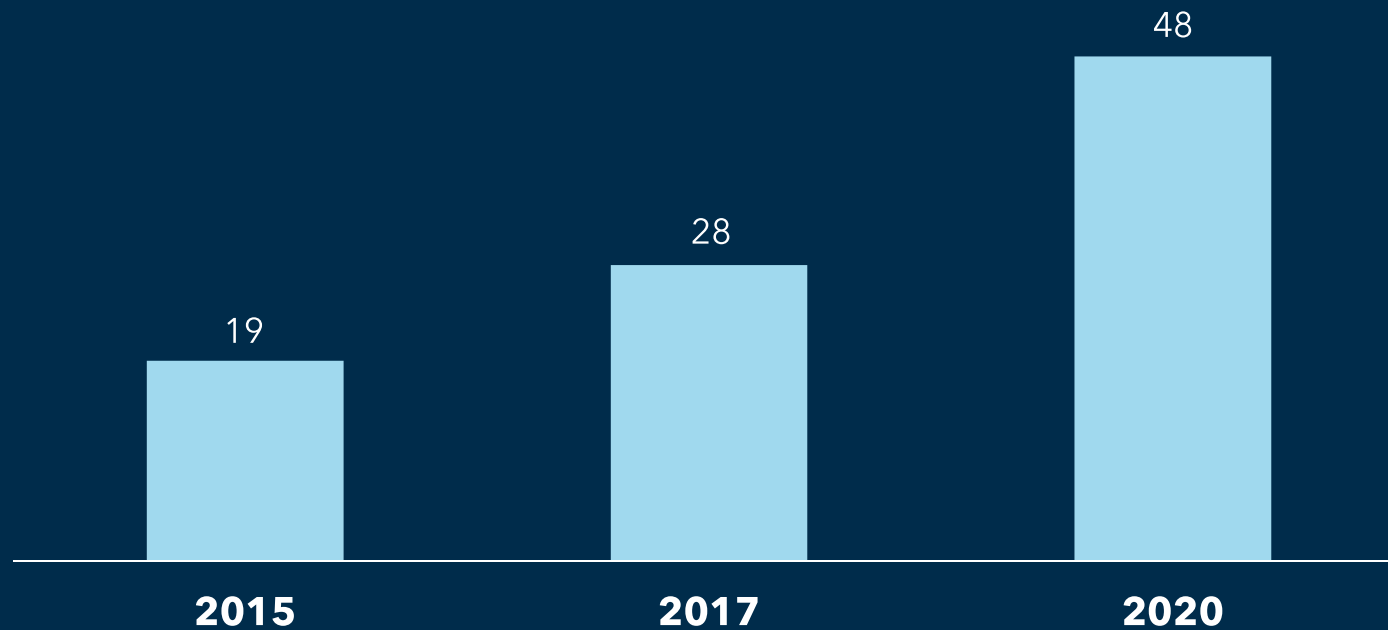


THE SECOND ILLUSTRATION OF HOW WE ARE ADDRESSING KEY HUMAN NEEDS AND EXPANDING WHAT WE SELL IS "ASSURED LIVING."

EXPAND
WHAT
WE SELL

EVOLVE
HOW
WE SELL

Connected Health and Wellness Market
(\$ Billion)



Managed
Services

BEST BUY | ASSURED LIVING

Tech
Services

**Geek
SQUAD™**

Hardware

**Sensors &
Voice
Assistants**

**Health
& Wellness**



Source: Best Buy internal analysis based on various external data sources.

ASSURED LIVING PILOT

EXPAND
WHAT
WE SELL

EVOLVE
HOW
WE SELL



ASSURED LIVING

Sign Up for a Free Consultation

Stay Connected to the Ones You Love

With a busy life, you can't always be near your loved ones. Best Buy Assured Living uses non-intrusive sensors that provide insight into daily activities, such as movement and sleep patterns. You'll learn about activity trends and receive notifications if something changes.

For easier living, we can also install smart home devices that automate lighting, door locks and room temperature. Your loved one can control the devices using their voice, and you can control remotely from almost anywhere.



Wellness Insights

Use data to discover patterns in your loved one's activities for more informed conversations. Learn if they are locking doors, using the kitchen and medicine cabinet, and much more.



Personalized Solution

We'll work with you and your loved one to come up with a custom system that best meets your needs, and we'll have it professionally installed by Geek Squad®.



Custom Notifications

With sensors tracking and sending automatic updates to your phone and dashboard, you can customize notifications about your loved one's activities and well-being.



Voice Automation

Daily tasks, like turning on and off lights, locking doors and changing the temperature are a lot easier and more fun for your loved one.



Automatic Reminders

Set up automatic reminders to ensure your loved one doesn't miss an important task — like taking medication.



Ongoing Independence

Your loved one will enjoy the independence and privacy they deserve — while you'll get peace of mind knowing they're okay.



ASSURED LIVING STATUS UPDATE

EXPAND
WHAT
WE SELL

EVOLVE
HOW
WE SELL

2 PILOT MARKETS



THE THIRD ILLUSTRATION OF HOW WE ARE EXPANDING WHAT WE SELL IS TOTAL TECH SUPPORT.

EXPAND
WHAT
WE SELL

EVOLVE
HOW
WE SELL

Managed
Services

Tech
Services

Hardware

				 SMARTHOME powered by vivint.	 ASSURED LIVING
					
					Sensors & Voice Assistants

Entertainment

Productivity

Communication

Food

Security

Health
& Wellness



IN LINE WITH TECHNOLOGY TRENDS AND CUSTOMER NEEDS, WE ARE EVOLVING OUR APPROACH.

EXPAND
WHAT
WE SELL

EVOLVE
HOW
WE SELL

FROM ...

Single product

Attach to a product

Repair

Fixed term

... TO

All products

Attach to a household

Get the most out of technology

Evergreen

TOTAL TECH SUPPORT PILOT

EXPAND
WHAT
WE SELL

EVOLVE
HOW
WE SELL



FOR ALL YOUR TECH, ALL THE TIME.
NO MATTER WHEN AND WHERE YOU BOUGHT IT.



TESTING **\$199**
ANNUALLY OR
\$19.99/MONTH

UNLIMITED
PHONE, ONLINE
& IN-STORE
SUPPORT

\$49.99
IN-HOME
SERVICES
PER VISIT

20% OFF
GEEK SQUAD
PROTECTION
AND **APPLECARE**

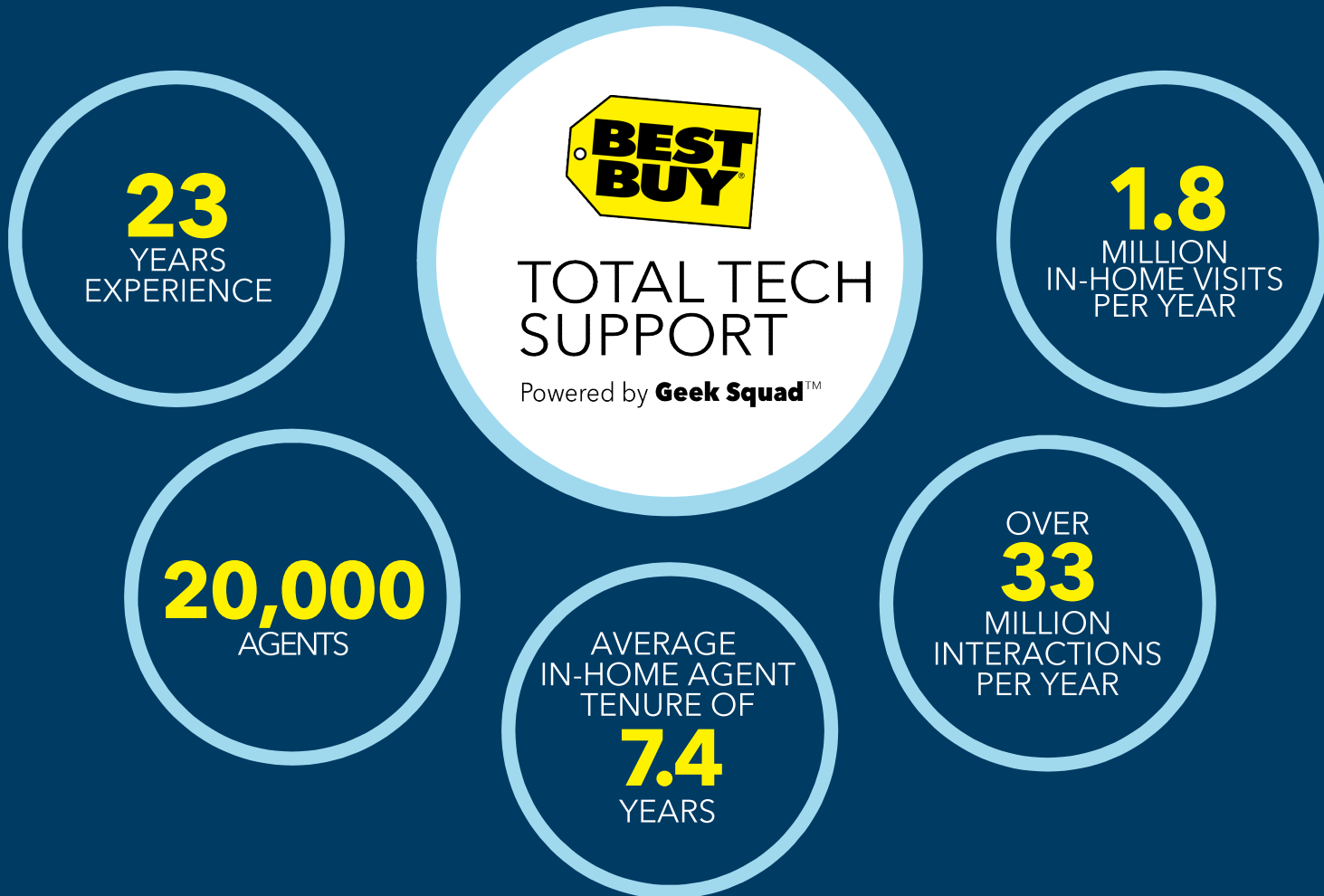
TECHNOLOGY HELPS YOU LIVE
THE LIFE YOU LOVE. WE'LL HELP
YOU GET THE MOST OUT OF IT
AND MAKE SURE IT WORKS.



TOTAL TECH SUPPORT LEVERAGES GEEK SQUAD.

EXPAND
WHAT
WE SELL

EVOLVE
HOW
WE SELL



EARLY CUSTOMER AND EMPLOYEE FEEDBACK FROM PILOT MARKETS IS POSITIVE.

EXPAND
WHAT
WE SELL

EVOLVE
HOW
WE SELL

CUSTOMERS

- Total Tech Support **coming from Best Buy is credible.**
- **Support** for purchases made today and in the future is the top reason for buying into the membership.

EMPLOYEES

- Total Tech Support is **not only easier to sell, but it offers better value** for the customer.
- Team members are enabled to assist customers **across departments** and throughout the store.



TOTAL TECH SUPPORT STATUS UPDATE

EXPAND
WHAT
WE SELL

EVOLVE
HOW
WE SELL

NATIONWIDE
IN CANADA

200 STORES IN
10 U.S. CITIES
AS OF SEPT. 10



BEST BUY 2020 GROWTH STRATEGY ENTAILS TWO PILLARS:

EXPAND
WHAT
WE SELL

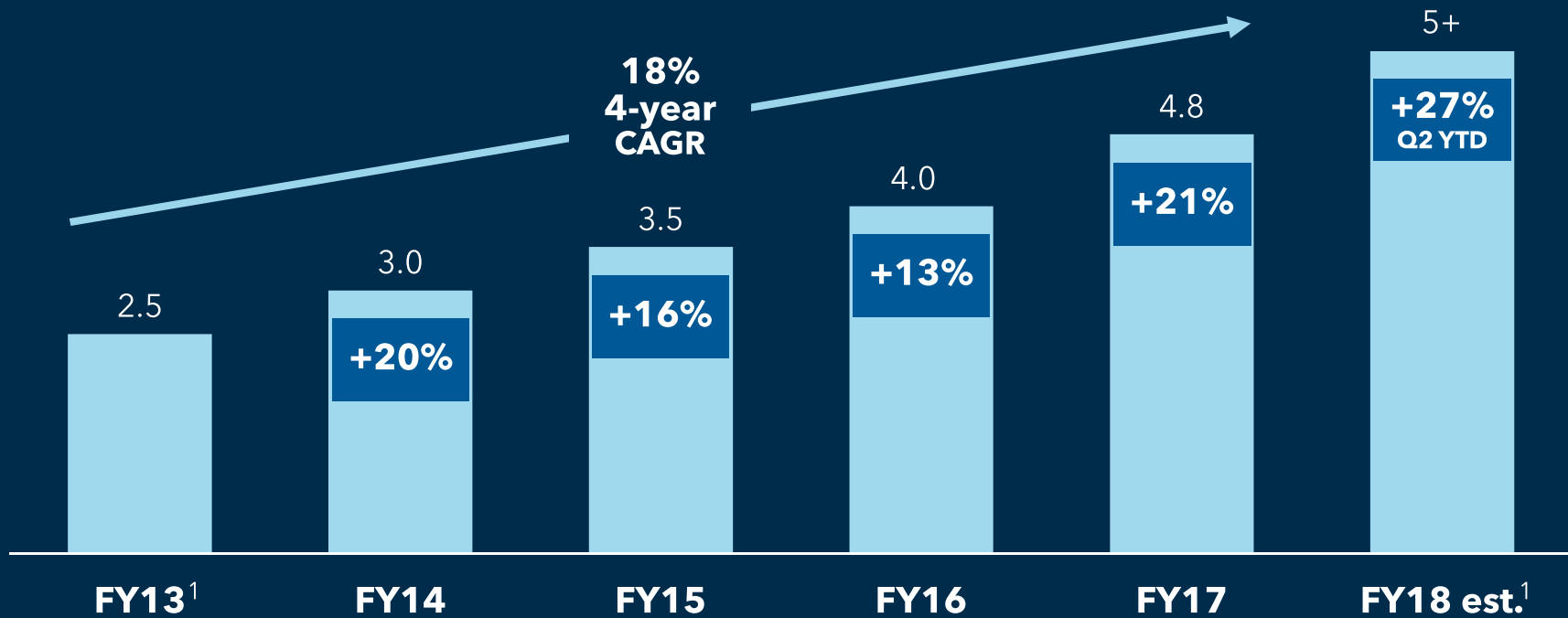
EVOLVE
HOW
WE SELL

OVER THE LAST FIVE YEARS, WE HAVE MORE THAN DOUBLED OUR ONLINE BUSINESS.

EXPAND
WHAT
WE SELL

EVOLVE
HOW
WE SELL

Domestic Online Revenue
(\$ Billion)



¹ FY13 and FY18 est. online revenue has been adjusted to remove the impact of the extra week in order to accurately reflect growth rates.

THIS GROWTH IS THE RESULT OF A SERIES OF IMPROVEMENTS TO THE CUSTOMER EXPERIENCE.

EXPAND
WHAT
WE SELL

EVOLVE
HOW
WE SELL



Enable customers to find exactly what they are looking for, quickly and easily, through significant search improvements

POWERED BY

Improved relevancy, new algorithms, auto-complete suggestions



Enable customers to complete tasks across their phone, tablet and PC

POWERED BY

Responsive web platform



Improve login, creating a more personalized shopping experience

POWERED BY

Integrated with Google Smartlock, shopping history, save for later



Ensure customers can get their orders when and where they want

POWERED BY

Store pickup, order-sourcing logic, ship from store



Remove barriers and errors to improve customer checkout experience

POWERED BY

Modernized digital platform



Optimize site navigation to make it easier for customers to quickly find exactly what they need

POWERED BY

Improved shopping taxonomy, normalized product data, improved facets



IN PARALLEL, WE INVESTED IN THE CUSTOMER EXPERIENCE
IN STORES BY FOCUSING ON EMPLOYEE TRAINING,
COACHING AND QUALITY INTERACTIONS.

EXPAND
WHAT
WE SELL

EVOLVE
HOW
WE SELL

- Drove higher store leadership stability and associate tenure
- Revamped quality and quantity of training and coaching
- Improved customer satisfaction



LOOKING AHEAD, WE ARE FOCUSED ON THREE OPPORTUNITIES TO ACCELERATE MULTICHANNEL GROWTH.

EXPAND
WHAT
WE SELL

EVOLVE
HOW
WE SELL

Continuing to improve the **customer experience** within and across channels

More effectively addressing **customers' needs** in underpenetrated categories

Building the **in-home** channel

IMPROVING THE MULTICHANNEL EXPERIENCE STARTS WITH UNDERSTANDING HOW CUSTOMERS USE EACH OF THE CHANNELS.

EXPAND
WHAT
WE SELL

EVOLVE
HOW
WE SELL

- Nearly all customers use both channels throughout their shopping journeys.
- Customers have different expectations of each channel.
- Those expectations are primarily driven by customers' level of certainty or uncertainty.



Source: Best Buy Consumer Electronics shopping journey research, 2016.

SHARPENING THE FOCUS ON CUSTOMER EXPECTATIONS OF EACH CHANNEL CREATES OPPORTUNITIES TO UNLOCK GROWTH.

EXPAND
WHAT
WE SELL

EVOLVE
HOW
WE SELL

BEST BUY:

UNDER INDEXES

in **"certain"** customer occasions, creating an opportunity online

OVER INDEXES

in **"uncertain"** occasions, but an opportunity remains to provide a broad solution

MAKES IT EASIER

for customers to move **seamlessly** between channels



Source: Best Buy Consumer Electronics shopping journey research, 2016.

SPECIFICALLY, WE HAVE IDENTIFIED A NUMBER OF PRIORITIES ACROSS THE CHANNELS TO CONTINUE TO DRIVE MOMENTUM.

EXPAND
WHAT
WE SELL

EVOLVE
HOW
WE SELL

ONLINE

- Seamlessly and intuitively **navigate our site** from entry to purchase and delivery
- **Narrow the product or service selection** quickly and intelligently
- **Provide ease** of product or service comparison, **and simplicity** in price and transaction

STORES

- **Discover technology** products and services with the help of Best Buy employees and store displays
- Find what's possible, and **what's right for customers' needs**, within and across ecosystems
- Understand the **total cost of ownership and enjoyment** of their technology



Source: Best Buy Consumer Electronics shopping journey research, 2016.

SPECIFICALLY, WE HAVE IDENTIFIED A NUMBER OF PRIORITIES ACROSS THE CHANNELS TO CONTINUE TO DRIVE MOMENTUM.

EXPAND
WHAT
WE SELL

EVOLVE
HOW
WE SELL

MULTICHANNEL

- Provide options for customers to **get their product when, where and how** they want
- Begin the purchase journey anywhere and **carry research across channels**
- Choose the most **convenient way to self-serve** – online, phone or in store
- Embed **online tools** (e.g., reviews and ratings) **in store** to complement store experience



Source: Best Buy Consumer Electronics shopping journey research, 2016.

WE ARE APPLYING THIS APPROACH TO DRIVE GROWTH IN UNDERPENETRATED CATEGORIES, SUCH AS MOBILE PHONES.

EXPAND
WHAT
WE SELL

EVOLVE
HOW
WE SELL

Pain Points

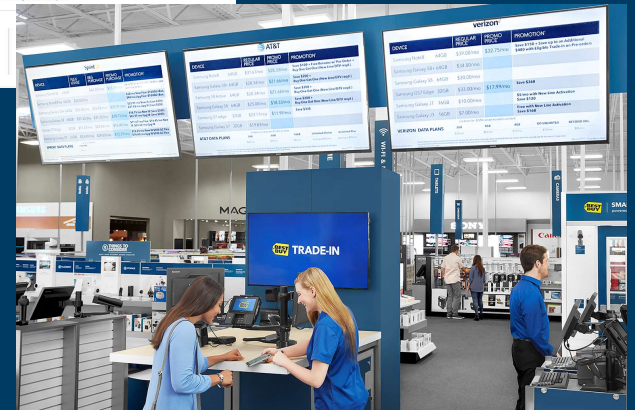
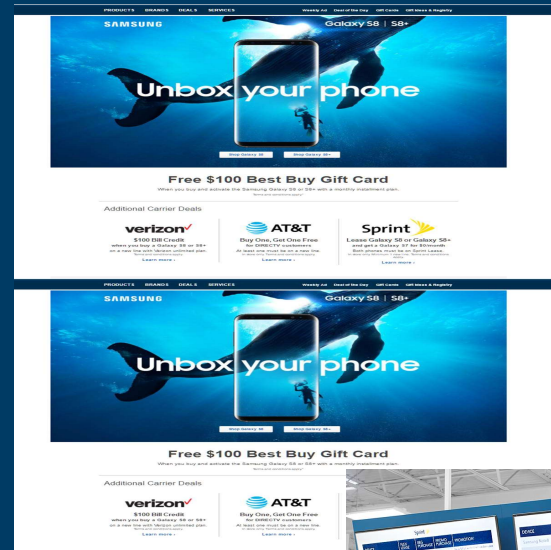
I'm not confident I am getting the best deal.

I don't know how much the total price of the device is.

I don't know what my monthly bill will be (carrier bill).

I'm overwhelmed with too many options (phone, carrier, plans).

There are too many decisions to be made at once.



WE ARE APPLYING THIS APPROACH TO DRIVE GROWTH IN UNDERPENETRATED CATEGORIES, SUCH AS APPLIANCES.

EXPAND
WHAT
WE SELL

EVOLVE
HOW
WE SELL

Pain Points

It is difficult to find a fair price and get a good value.

When I go into the store they don't have the model or assortment I am looking for.

The delivery date and window don't meet my needs.

I can't get a fridge as soon as I need it.

The delivery/installation did not happen and Best Buy did not communicate with me.

It is a hassle to reschedule my order.

I don't know if I measured this properly.

It is difficult to find the product that will best meet my needs.

The product information and specs are not accurate or helpful.

I don't know how much the total cost will be (fridge, delivery, installation, required parts, protection).

Samsung - 28.2 Cu. Ft. 4-Door French Door Refrigerator with Thru-the-Door Ice and Water - Stainless Steel

Model: RF28HMEDBSR SKU: 2860206 ★★★★★ 4.5 (1,259) 83 Questions, 243 Answers

AVAILABLE NOW

\$1,999.99
SAVE \$600
Was \$2,599.99

PRICE MATCH GUARANTEE **OPEN-BOX** from \$1,859.99

PROTECT YOUR PRODUCT
Learn about Geek Squad Protection Plans

3-year \$124.99 5-year \$199.99 No plan selected

Add to Cart

Complete Your Kitchen

Save for Later Add to Registry

Color: Stainless Steel

Delivery: FREE
As soon as Fri, Sep 15 for 55423. Update
Delivery with installation available as soon as Wed, Sep 20.

Store Pickup: Richfield
Get it by Sat, Sep 16 • **FREE**
Check nearby stores

Key Specs [See all Specifications](#)

Color Finish	Stainless steel
Height To Top Of Refrigerator	69.9 inches
Height To Top Of Door Hinge	70 inches
Depth Without Handle	28.875 inches
Depth With Handle	28.875 inches
Ice Maker	Yes
Refrigerator Capacity	24.1 cubic feet
Refrigerator Type	French Door
Lighting Type	LED

Videos & Interactive Features

[How to Prep for Refrigerator Delivery and Install](#) [How to Measure for Your Refrigerator](#) **DEMO**

Refrigerators: Measure twice, deliver once **\$1.36**

Refrigerators: Delivery & Installation **\$1.37**



TRULY SOLVING THE FULL RANGE OF CUSTOMERS' NEEDS REQUIRES A DEEPER IN-HOME CAPABILITY.

EXPAND
WHAT
WE SELL

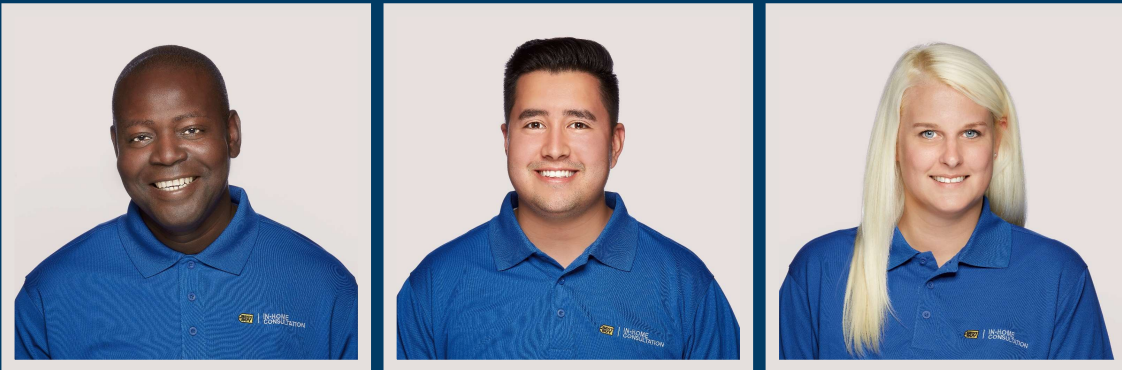
EVOLVE
HOW
WE SELL



THE CORNERSTONE OF THE IN-HOME CHANNEL IS OUR IN-HOME ADVISOR ROLE.

EXPAND
WHAT
WE SELL

EVOLVE
HOW
WE SELL



- Free of charge, an In-Home Advisor meets customers in the comfort of their own homes.
- Listens to their needs, gives expert advice and shares recommendations on products, services or solutions.
- Provides a single point of contact from consultation and design, through facilitation of third parties and installation.
- Fosters an ongoing relationship, your “go-to” person for technology.

PILOT MARKET RESULTS WERE POSITIVE ON ALL THREE FRONTS: CUSTOMER, EMPLOYEE AND FINANCIAL.

EXPAND
WHAT
WE SELL

EVOLVE
HOW
WE SELL

FEEDBACK

- Customers
 - Value interaction in familiar environment
 - Enjoy innovative ways to shop
 - Are highly satisfied with service
- Employees
 - Become career sales people
 - Find it much easier to design relevant solutions in customers' homes

INITIAL RESULTS

- Higher average order value
- Higher margin rates
- Index higher on services
- Largely incremental
- Greater propensity to become a repeat customer
- Early indications of higher frequency of visits over time

AS A RESULT, WE HAVE SCALED IN-HOME
ADVISORS TO ALL MAJOR U.S. CITIES.

EXPAND
WHAT
WE SELL

EVOLVE
HOW
WE SELL

**SCALED TO
ALL MARKETS**
AS OF SEPT. 10

300
IN-HOME
ADVISORS



BEST BUY 2020: TRULY HELP CUSTOMERS PURSUE THEIR
PASSIONS AND ENRICH THEIR LIVES WITH THE HELP
OF TECHNOLOGY

EXPAND
WHAT WE SELL

EVOLVE
HOW WE SELL

TO DELIVER ON THE STRATEGY,
WE WILL NEED A
RANGE OF ENABLERS

INVESTING IN OUR CAPABILITIES WILL BE KEY TO SUCCESSFULLY IMPLEMENTING BEST BUY 2020.

EXPAND **WHAT WE SELL**

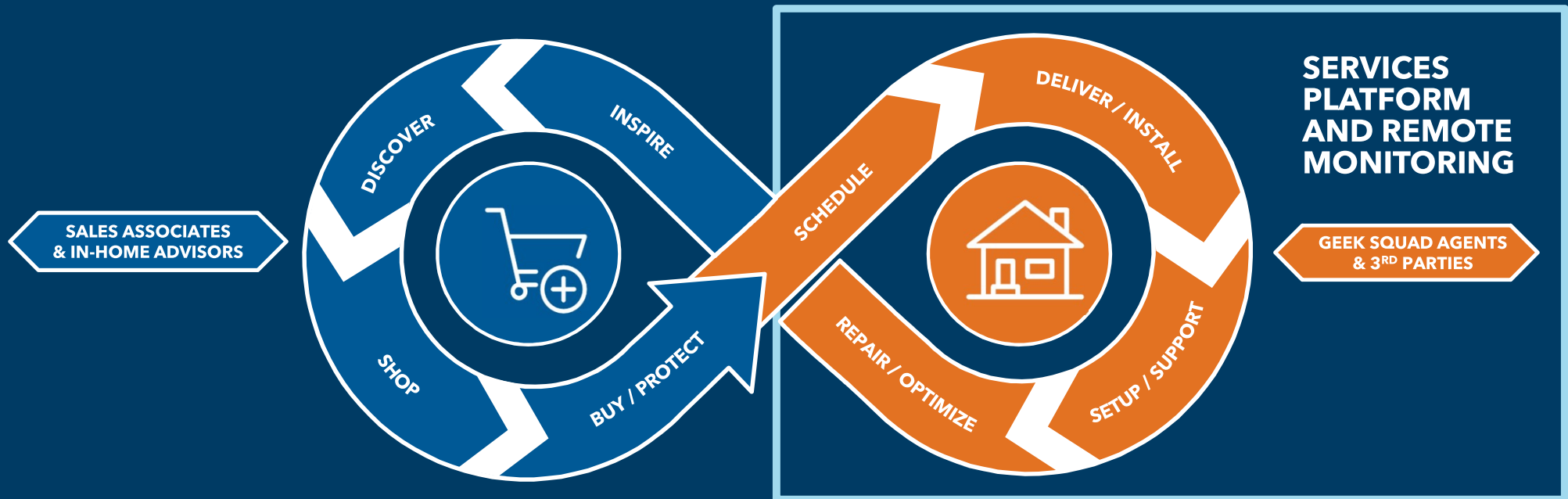
- Services platform
- Strategic partnerships
- Ongoing innovation pipeline

EVOLVE **HOW WE SELL**

- Customer Relationship Management (CRM)
- Knowledge management
- Needs-based solution selling
- Clienteling at scale
- Digital tools and experiences
- Store refreshes
- Small-package delivery
- Large-product fulfillment

KEY TECHNOLOGY INVESTMENTS INCLUDE CRM, SERVICES PLATFORM AND KNOWLEDGE MANAGEMENT, FOCUSED ON MOVING FROM TRANSACTIONS TO RELATIONSHIPS.

ENTERPRISE CRM PLATFORM



KNOWLEDGE MANAGEMENT

NEEDS-BASED SOLUTION SELLING AND CLIENTELING AT SCALE WILL REQUIRE INVESTMENT IN OUR PEOPLE.

RECRUITING

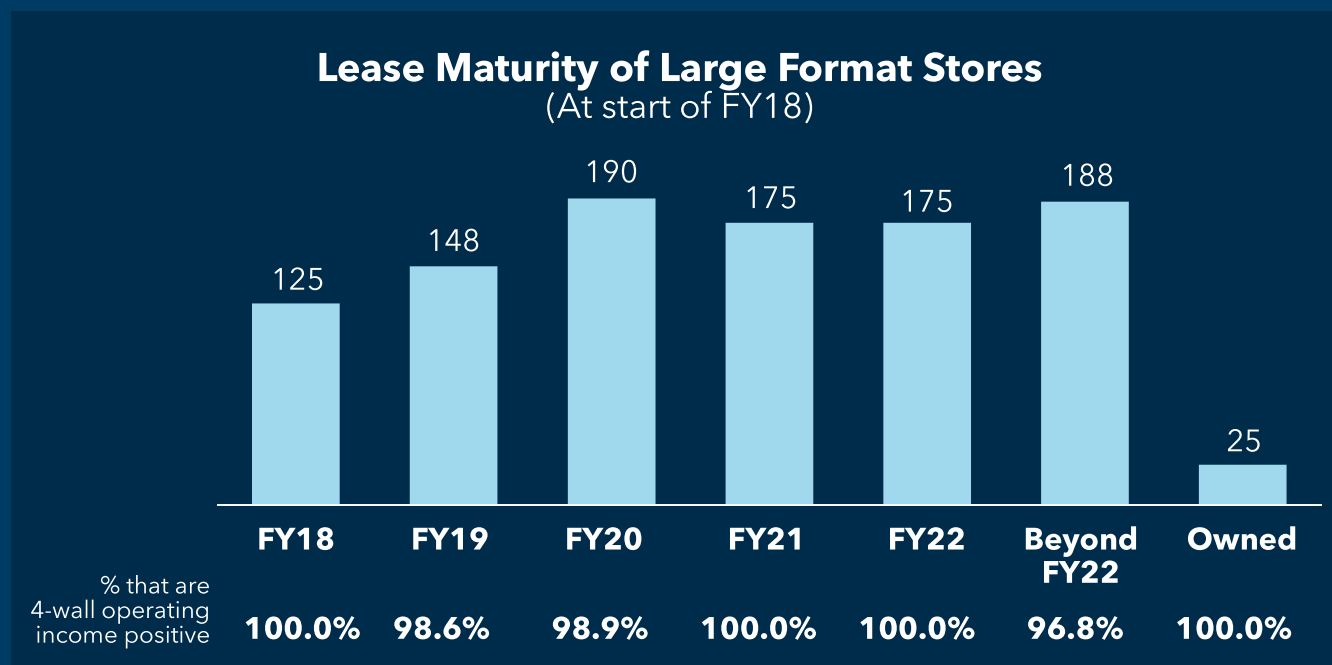
**CAREER
PATHS**

**TRAINING &
DEVELOPMENT**

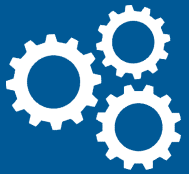
COMPENSATION

THE STORE FOOTPRINT WILL CONTINUE TO BE RATIONALIZED OVER TIME, AS WE CONTINUE TO INVEST IN THE IN-STORE EXPERIENCE.

- Rigorous review to stay in fleet
- Average lease term approx. 5 years compared with approx. 8 years in FY12
- Closed 30 large-format stores in the last three years – all at lease expiration



OUR SUPPLY CHAIN NETWORK MUST EVOLVE TO ENABLE CHOICE AND SPEED.



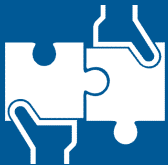
Expand automation

- Automation of the receiving process in our distribution centers
- Robot-assisted order packing and shipping, both for store replenishment and online orders



Add metro e-commerce centers

- New small-footprint fulfillment centers in dense markets



Continue evolution of partner strategies and store fulfillment

- Leverage existing and new partnerships (e.g., Deliv) along with existing store capabilities to improve level of service, using data-driven modeling

LARGE-PRODUCT FULFILLMENT CAPACITY MUST BE EXPANDED AND PROCESS EFFICIENCY IMPROVED.



SPACE EXPANSION

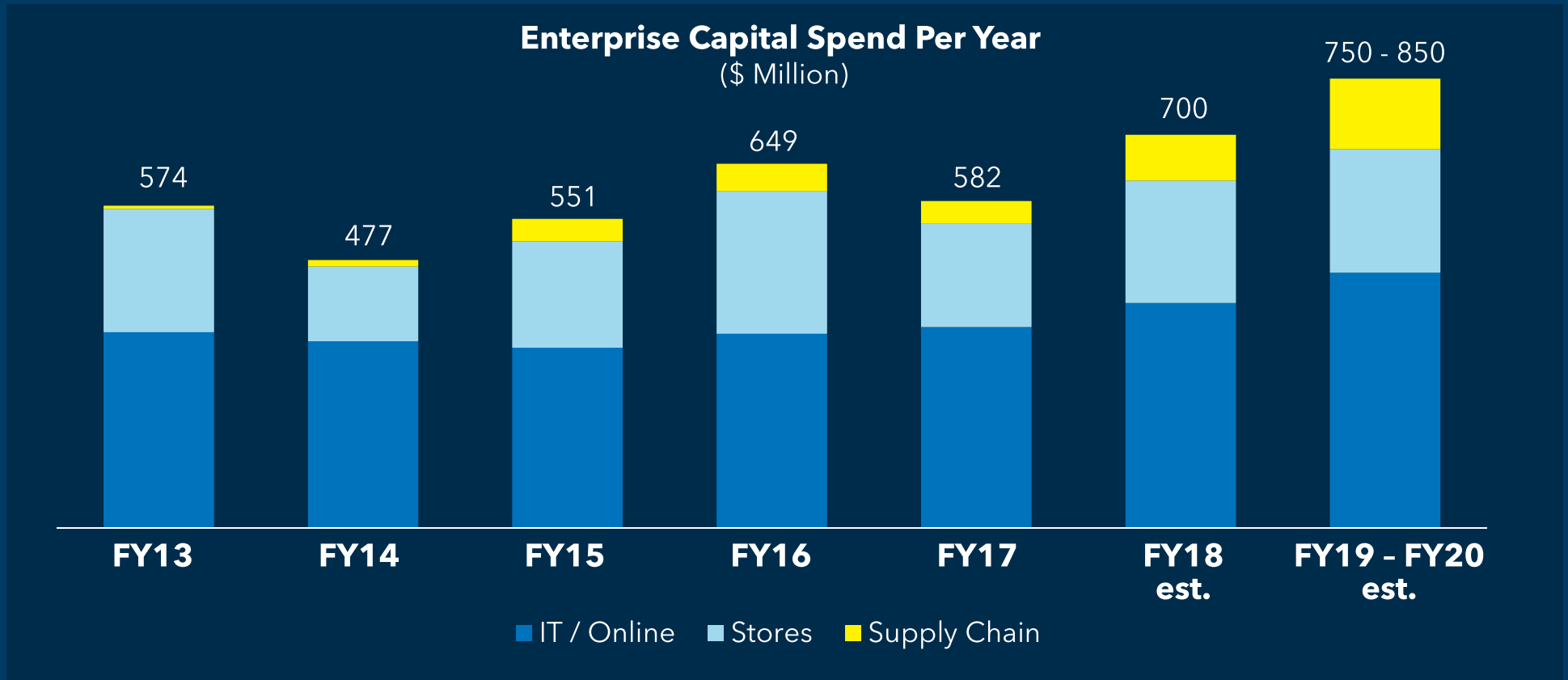
- Add new distribution centers and expand existing ones to support growth
- Optimize the delivery-pad network to not only support growth, but also improve speed and customer experience



IMPROVED CUSTOMER EXPERIENCE

- Develop standardized, integrated and highly executable processes
- Redesign the end-to-end customer communication process
- Develop a centralized, data-driven model to enable continuous improvement

THESE INVESTMENTS WILL REQUIRE INCREMENTAL SPEND.



Note that the amounts included above represent total annual capital spend and may not agree to the historically reported cash flow for capital expenditures.

WE ARE COMMITTED TO CONTINUING TO
CREATE EFFICIENCIES
THAT HELP FUND INVESTMENTS AND
OFFSET PRESSURES

IN ADDITION TO INVESTMENTS, WE FACE
POTENTIAL PRESSURES.

Evolving services economics

Increased online mix

Minimum wage and scheduling

WE HAVE A STRONG TRACK RECORD OF COST REDUCTION.



WE HAVE REDUCED COSTS AND GAINED EFFICIENCIES ACROSS THE COMPANY.

- Eliminated non-strategic activities
- Consolidated and competitively bid contract spend
- Optimized IT spend
- Reduced returns and liquidated more effectively
- Streamlined the organization

THERE IS STILL MORE OPPORTUNITY.

NEW
INCREMENTAL
GOAL IS

**\$600
MILLION**
IN ANNUALIZED
COST SAVINGS
BY END OF
FY21

We plan to re-engineer and pull cost out of complex processes, such as:

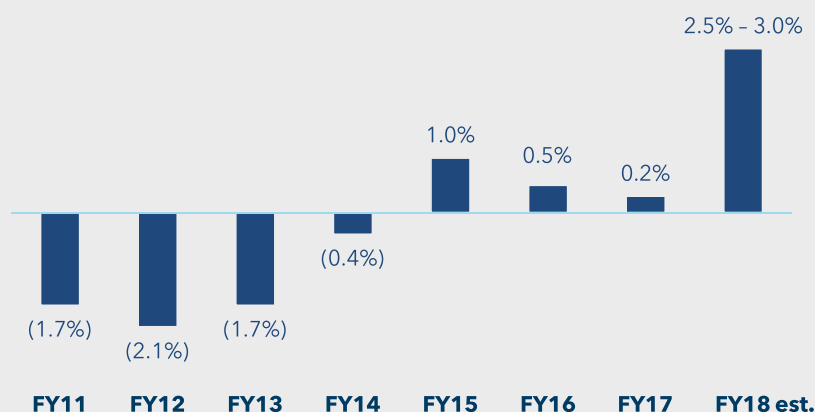
- End-to-end product flow
- Small- & large-product fulfillment
- Enterprise Customer Care (ECC)
- Returns & reverse logistics
- Promotional & pricing effectiveness

FINANCIAL DISCUSSION

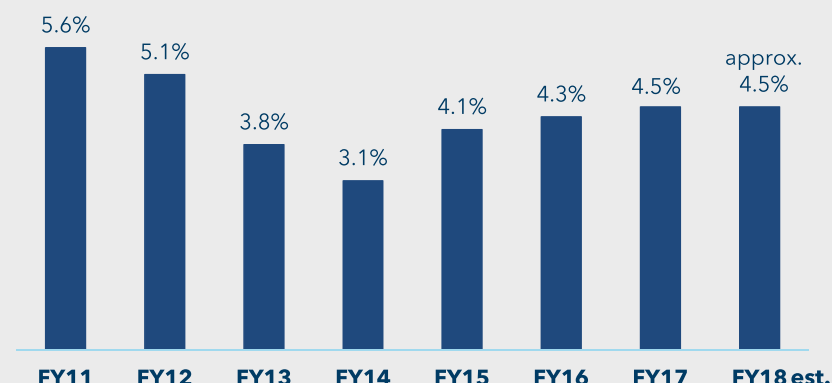


WE HAVE DELIVERED IMPROVED OPERATING PERFORMANCE SINCE WE STARTED THE RENEW BLUE TRANSFORMATION.

DOMESTIC COMPARABLE SALES¹



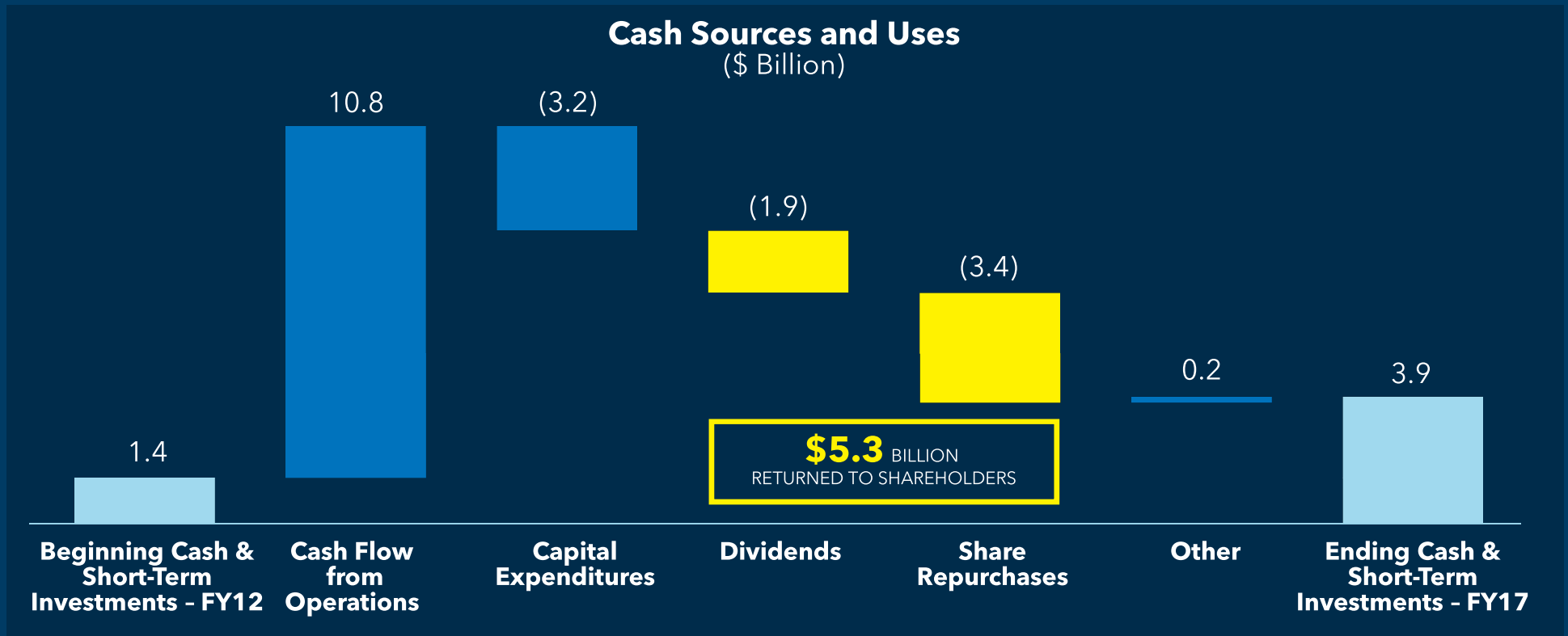
DOMESTIC NON-GAAP OPERATING INCOME RATE¹



¹ For "GAAP to non-GAAP" definitions and reconciliations, please refer to the recast financial schedules posted on the company's investor relations website at investors.bestbuy.com. The company is unable to reconcile projected GAAP operating income to non-GAAP operating income without unreasonable effort because of the inherent difficulty in predicting the occurrence, the financial impact and the periods in which potential non-GAAP adjustments may be recognized (e.g., restructuring charges; litigation settlements; goodwill impairments; gains and losses on investments; and the tax effect of all such items). For the same reasons, the company is unable to address the probable significance of the unavailable information, which could be material to future results.



WE HAVE ALSO GENERATED SIGNIFICANT CASH FLOW AND RETURNED \$5.3 BILLION TO SHAREHOLDERS FROM FY12 TO FY17.



FOR THE FIRST HALF OF FY18, WE HAVE DELIVERED A STRONG FINANCIAL PERFORMANCE.

2.9%

REVENUE
GROWTH

17.5%

NON-GAAP
OPERATING
INCOME
GROWTH¹

28.0%

NON-GAAP
EPS GROWTH¹



¹ Operating Income and EPS Growth presented on a Non-GAAP basis that is consistent with the "Reconciliation of Non-GAAP Financial Measures" contained within 8-K filed on Aug. 29, 2017, which is available on the company's investor relations website at investors.bestbuy.com.

FY18 FULL-YEAR (53 WEEKS) EXPECTATIONS REFLECT TOP- AND BOTTOM-LINE GROWTH, AS WELL AS SIGNIFICANT CAPITAL RETURN TO SHAREHOLDERS.

**APPROX.
4.0%**
REVENUE
GROWTH¹

4.0 – 9.0%
NON-GAAP
OPERATING
INCOME
GROWTH¹

**\$1.9
BILLION**
SHARE
REPURCHASES
AND DIVIDENDS

¹FY18 has 53 weeks and operating income and EPS growth presented on a non-GAAP basis that is consistent with the "Reconciliation of Non-GAAP Financial Measures" contained within 8-K filed on August 29, 2017, which is available on the company's investor relations website at investors.bestbuy.com. The company is unable to reconcile projected GAAP operating income to non-GAAP operating income without unreasonable effort because of the inherent difficulty in predicting the occurrence, the financial impact and the periods in which potential non-GAAP adjustments may be recognized (e.g., restructuring charges; litigation settlements; goodwill impairments; gains and losses on investments; and the tax effect of all such items). For the same reasons, the company is unable to address the probable significance of the unavailable information, which could be material to future results.



WITH BEST BUY 2020, WE ASPIRE TO SOLVE A NEW FINANCIAL EQUATION.

INCREASE

our rate of topline growth, gradually

CREATE

efficiencies to both fund investments and offset potential pressures

BUILD

more predictable revenue streams from recurring revenues and stickier customer relationships

WE BELIEVE THIS PHASE OF OUR STRATEGY HAS THE POTENTIAL TO DRIVE MEANINGFUL SHAREHOLDER VALUE CREATION.

	FY13	FY17	FY21 Targets
Revenue	\$41.4 BILLION	\$39.4 BILLION	\$43.0 BILLION
non-GAAP operating income ¹	\$1.4 BILLION 3.4% rate	\$1.7 BILLION 4.4% rate	\$1.9 - \$2.0 BILLION 4.4% - 4.6% rate
non-GAAP EPS ¹	\$2.54	\$3.51 8% 4-year CAGR	\$4.75 - \$5.00 8% - 9% 4-year CAGR

¹ For "GAAP to non-GAAP" definitions and reconciliations, please refer to the recast financial schedules posted on the company's investor relations website at investors.bestbuy.com. The company is unable to reconcile projected GAAP operating income to non-GAAP operating income without unreasonable effort because of the inherent difficulty in predicting the occurrence, the financial impact and the periods in which potential non-GAAP adjustments may be recognized (e.g., restructuring charges; litigation settlements; goodwill impairments; gains and losses on investments; and the tax effect of all such items). For the same reasons, the company is unable to address the probable significance of the unavailable information, which could be material to future results.

SUPPORTING THIS, WE WILL MAINTAIN A THOUGHTFUL CAPITAL ALLOCATION STRATEGY.

1

Reinvest in the business to drive growth

2

Pursue partnerships and M&A in support of our strategy

3

Continue to be a premium dividend payer, targeting a 35% - 45% payout ratio

4

Return excess free cash flow over time through share repurchases

IN CONCLUSION

FROM RENEW BLUE TO BEST BUY 2020

FROM: **RENEW BLUE**

- Improving the customer experience
- Fixing what was broken
- Building a team, re-engaging employees
- Developing proficiency
- Partnering with key vendors
- Stabilizing revenue and materially expanding margin rate and ROIC
- Delivering top TSR
- Continuing leadership role in positively impacting our world

TO: **BEST BUY® 2020**

- Helping customers pursue their passions and enrich their lives
- Pursuing purpose with passion
- Building new skills
- Strengthening diversity and inclusion
- Expanding partnerships into solutions and services
- Growing revenue and operating income dollars
- Delivering top TSR
- Setting ambitious goals:
 - Training 1 million underserved teens per year
 - Reducing carbon emissions by 60%



INVESTMENT THESIS

1. Opportunity-rich environment driven by innovation and customers' need for help
2. Market share leader with unique opportunities to expand what we sell and evolve how we sell
3. Proven ability to execute and compete successfully
4. Significant sources of competitive advantage and differentiation, including our ability to help customers online, in stores and in their homes:
 - Digital and physical
 - Selling and supporting
5. Financial strength to invest and play to win, with cost-reduction opportunities to help offset investments and pressures
6. Strong cash flow and attractive return to shareholders
7. Modest valuation