

Village Super Market, Inc. Class A (VLGEA)

Value Fit 7 / 10

University of Wisconsin—Milwaukee | Lubar College of Business | Investment Management Certificate Program

Analyst:

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Recommendation: **BUY**

Philosophy Fit

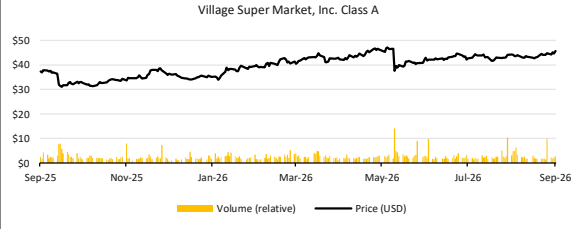
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As of:

09/25/2026

WISCONSIN VALUE FUND LENS — Maximize return by buying improving companies at reasonable valuations.

Performance level — ROIC (FY2026E) vs. ke	6.9% vs 7.6% → Below ke
Change in performance — ΔROIC	-0.0 pts, FY2026E vs FY2025A → Declining
Lifecycle phase	Phase I — lowest expectations
Valuation gap — target vs. price	+4.8% → Price below our value



BUSINESS DESCRIPTION

Village Super Market, Inc. engages in the retail sale of food and nonfood products. The company was founded by Perry Sumas in 1937 and is headquartered in Springfield, NJ.

INVESTMENT THESIS

Village Super Market is an established player in the New Jersey area supermarket sector. VLGEA is a member of the Wakefern Food Corporation, which is the largest retailer owned food cooperative in the United States. This allows VLGEA to benefit from economies of scale as well as utilize well known brands such as ShopRite, Fairway, and Gourmet Garage. Membership in Wakefern also provides a robust supply chain, which can help increase margins in the competitive grocery industry. VLGEA has been able to consistently increase in their number of stores along with reinvesting in the modernization of their current stores, giving their customers the best possible consumer experience. Its financial stability, Wakefern Membership, and store expansion makes Village Super Market a quality investment. ROIC is not rising because the business is at a stable level.

MARKET SNAPSHOT

Current Price	\$45.78	Market Cap (\$B)	\$0.6	Beta	0.33
52-Week Range	\$31 – \$47	Inst. Ownership	48.7%	Insider Own.	27.2%
Shares Out. (mm)	12.9	Short Interest (% float)	3.3%	Dividend Yield	2.2%
Consensus L-T Growth	#N/A	Payout Ratio	26.6%	Cost of Equity	7.6%
Price Target	\$48.00	Upside to Target	4.8%	Value Range	\$24 – \$54

VALUATION SUMMARY — equity DCF, FCFE discounted at ke

Method	Value / Share	Upside	Terminal Assumption
Equity DCF – terminal P/E	\$53.83	17.6%	15.0x P/E
Equity DCF – constant growth	\$24.30	(46.9%)	5.0% g, 7.6% ke
Average of methods	\$39.07	(14.7%)	Equal-weighted
Analyst price target	\$48.00	4.8%	Blue = analyst override

PHILOSOPHY FIT — Five pillars · Score: 4 / 5

		Fit?
1. Fundamental improvement & valuation discipline	ΔROIC -0.0 pts; price is 1.17x our average value	No
2. Investing through company cycles	Phase I; EBIT margin 3.2% → 3.3%	Yes
3. Initial position sizing & risk limits	Initial position sized within fund limits; risk limits set at entry	Yes
4. Capital allocation discipline	Net debt/invested capital 26.9%; net debt/EBIT 3.1x	Yes
5. Identifiable catalysts & conservative underwriting	Three drivers, each with a monitor; equal-weighted FCFE valuation	Yes

VALUE CRITERIA — 10-Point Checklist · Score: 7 / 10

	Pass?
1. Catalyst / Investment Drivers	Yes
Driver 1 — Operational Efficiency	Ongoing initiatives to optimize cost structures, technology adoption, and store upgrades will support margin improvement and profitability.
Driver 2 — Geographical Expansion	Village Super Market has a track record of expanding its presence in the New Jersey area. With 4 openings and the acquisition of Gourmet Garage's 3 locations in the last 5 years, we expect VLGEA to continue this trend.
Driver 3 — Stable Industry	VLGEA can remain stable in economic downturns as they provide essential goods at affordable prices.
What does management say?	Limited messages from management. Steady dividend.

2. Low P/E Ratio							Yes
	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E	
EPS (model)	\$3.78	\$3.79	\$4.24	\$4.28	\$4.62	\$4.79	
P/E at current price	12.1x	12.1x	10.8x	10.7x	9.9x	9.6x	
Peer median P/E (FactSet, subject excl.)	30.4x	FY2026E P/E vs. peer median		(65%)			
3. Low Price / Cash Flow							No
FCFE / share	\$2.49	\$0.54	\$2.70	\$0.75	\$2.88	\$0.86	
Price / FCFE	18.4x	85.6x	17.0x	61.4x	15.9x	53.3x	
Peer median P/CF (FactSet, subject excl.)	8.7x	Price / FCFE (today) vs. peer median		+96%			
4. Low Price / Book Value							Yes
	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E	
Book value / share	\$32.22	\$34.86	\$38.25	\$41.52	\$45.12	\$47.86	
Price / Book	1.4x	1.3x	1.2x	1.1x	1.0x	1.0x	
ROE (EOY book)	11.7%	10.9%	11.1%	10.3%	10.2%	7.9%	
Peer median P/B (FactSet, subject excl.)	4.7x	Price / book (today) vs. peer median		(75%)			

Village Super Market, Inc. Class A (VLGEA) — Value Criteria, continued

5. Financial Soundness							Yes
	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E	
Total debt (\$mm)	393	372	341	341	341	341	
Net debt (\$mm)	252	254	230	214	169	153	
Total debt / equity (gross)	95.7%	83.0%	69.3%	63.5%	58.1%	53.3%	
Total debt / assets (gross)	40.6%	37.9%	34.0%	32.3%	30.7%	29.1%	
Net debt / invested capital	30.7%	30.3%	26.9%	23.7%	17.7%	15.1%	
Net debt / EBIT	3.9x	3.9x	3.1x	2.8x	2.1x	1.8x	
Tax rate	31.1%	Book equity (\$mm)	492				
6. Positive Earnings Dynamics							No
	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E	
Sales growth	5.1%	3.2%	3.8%	3.8%	4.0%	4.2%	
EBIT margin	3.0%	2.9%	3.2%	3.2%	3.2%	3.3%	
EPS growth	83.7%	0.1%	12.0%	1.0%	7.9%	3.6%	
7. Business Strategy & Segment Mix							Yes
Strategy	Growth comes from same-store sales and occasional new or acquired stores, not rapid unit expansion. Steady store remodels/replacements.						
Segment / geography mix	United States, mostly New Jersey						
8. Capable Management & Insider Ownership							No
Insider ownership	27.2%	Inst. ownership	48.7%	Buybacks, % of NOPAT (FY1E)		19.0%	
Insider activity / governance	Small recent insider selling, routine diversification, capital return is almost all dividends						
9. Valuation — Value Creation (ROIC vs. ke)							Yes
ROIC (FY1E)	6.9%	Cost of equity (ke)	7.6%	EVA spread (ROIC – ke)		(0.7%)	
Price target / upside	\$48.00	4.8%		Value / share range (low–high)		\$24 – \$54	
10. Uses of Capital — allocation discipline							Yes
Reinvestment 58% of NOPAT, dividends + buybacks 19% in FY2026E; no dividend and no large M&A — full detail in the Uses of Capital table below.							
VALUE FIT SCORE — criteria met		7 / 10					

FINANCIAL SUMMARY (\$mm except per share)

	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E	CAGR 2023–2028
Sales	2,167	2,237	2,321	2,409	2,505	2,610	3.8%
Gross margin	26.9%	27.2%	27.1%	27.2%	27.2%	27.3%	
EBIT	65	65	74	77	80	86	5.9%
Net income	48	49	55	55	60	63	5.4%
EPS (basic)	\$3.78	\$3.79	\$4.24	\$4.28	\$4.62	\$4.79	4.8%
Dividend / share	\$1.04	\$1.04	\$1.03	\$1.03	\$1.02	\$1.02	
FCFE / share	\$2.49	\$0.54	\$2.70	\$0.75	\$2.88	\$0.86	(19.2%)
Invested capital	820	840	855	902	954	1,009	4.2%
ROIC	6.5%	6.3%	6.9%	6.9%	7.1%	7.2%	
NOPAT margin	2.0%	2.0%	2.2%	2.2%	2.2%	2.3%	
Sales / NWC	-51.55x	-37.66x	-42.72x	-43.48x	-47.62x	-52.63x	
Sales / NFA	3.00x	2.86x	2.91x	2.90x	3.00x	3.00x	
Sales / invested capital (ex cash)	3.19x	3.10x	3.12x	3.11x	3.20x	3.18x	

USES OF CAPITAL — full range, as % of cash generated (NOPAT)

	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E	Avg 2023–2028
NOPAT before reinvestment (\$mm)	44	45	51	53	55	59	
Uses, as % of NOPAT							
CapEx, R&D & content (Δ NFA)	78.0%	134.9%	32.5%	60.2%	8.0%	59.0%	62.1%
Working capital (Δ NWC)	(37.4%)	(38.4%)	9.9%	(2.0%)	5.1%	5.1%	(9.6%)
Dividends	29.8%	29.5%	26.0%	25.0%	24.1%	22.4%	26.1%
Share buybacks	(7.1%)	(4.7%)	(6.3%)	(6.0%)	(5.8%)	(5.4%)	(5.9%)
Debt repaid (neg. = borrowing)	24.8%	46.3%	60.0%	—	—	—	21.8%
Cash & securities build	13.7%	(52.4%)	(12.8%)	30.7%	81.0%	27.7%	14.7%
Interest & other (residual)	(1.9%)	(15.2%)	(9.3%)	(7.9%)	(12.3%)	(8.8%)	(9.2%)
Total uses of capital	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Discipline — reinvestment, % of NOPAT	40.6%	96.5%	42.4%	58.2%	13.1%	64.1%	52.5%
Dividends + buybacks, % of NOPAT	22.7%	24.8%	19.8%	19.0%	18.3%	17.0%	20.3%

Framework: the full range of capital allocation — CapEx/R&D/brand, dividends, buybacks, cash and debt. Cautious at the top of the cycle; invest for the future at the bottom, without over-levering. Total ties to 100% by construction, with interest and unallocated items in the residual.

COMPS OVERVIEW (current multiples, FactSet)

Ticker	Company	P/E	P/S	P/B	P/CF	EV/EBIT
KR	Kroger Co.	31.9x	0.2x	6.0x	5.4x	11.3x
ACI	Albertsons Companies, Inc. Class A	159.8x	0.1x	3.6x	2.5x	10.5x
SFM	Sprouts Farmers Market, Inc.	12.5x	0.7x	4.1x	9.2x	11.1x
CASY	Casey's General Stores, Inc.	28.8x	1.2x	5.4x	16.0x	31.2x
WMT	Walmart Inc.	39.0x	1.2x	8.7x	20.0x	33.6x
TGT	Target Corporation	16.2x	0.7x	4.0x	8.2x	12.2x
Median	Peer median (subject excluded)	30.4x	0.7x	4.7x	8.7x	11.8x
VLGEA	Subject, at current price	10.8x	0.3x	1.2x	17.0x	11.0x
Premium / (discount) to peer median		(64%)	(62%)	(75%)	+96%	(6%)

Peer set from AutoTearSheet-5Page!D14:D19. Median is of peers only and excludes blanks.

KEY RISKS

1. Competition- Increasing competition from online grocery delivery services and meal-kit providers could take market share. They also compete against giants such as Walmart, Aldi, and Target.
 2. Dependency on Wakefern- Obligations to purchase 85% of products through Wakefern limit sourcing flexibility and could expose the VLGEA to higher costs if Wakefern's pricing increases.
- Exit Discipline: Sell if ROIC falls more than 0.5 pts below ke for two consecutive years (if phase 1 persists), if there are any cuts to the dividend, or if price reaches or exceeds our value.

