

# ModernGraham Valuation

Company Name:

Moody's Corporation

Company Ticker

MCO

Date of Analysis

9/21/2015



## Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

*Defensive Investor; must pass 6 out of the following 7 tests.*

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$20,182,201,228	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.72	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	81.51%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	25.23	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	-62.88	Fail

*Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.*

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	2.72	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.60	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Pass

### Suitability

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$4.04
MG Growth Estimate	13.01%
<b>MG Value</b>	<b>\$139.43</b>
MG Value based on 3% Growth	\$58.56
MG Value based on 0% Growth	\$34.33
Market Implied Growth Rate	8.36%

### MG Opinion

Current Price	\$101.89
% of Intrinsic Value	73.08%
<b>Opinion</b>	<b>Undervalued</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$11.09
Graham Number	#NUM!
PEmg	25.23
Current Ratio	2.72
PB Ratio	-62.88
Dividend Yield	1.22%
Number of Consecutive Years of Dividend Growth	6

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$4.55	Next Fiscal Year Estimate	\$4.04
Dec14	\$4.61	Dec14	\$3.58
Dec13	\$3.60	Dec13	\$2.91
Dec12	\$3.05	Dec12	\$2.46
Dec11	\$2.49	Dec11	\$2.16
Dec10	\$2.15	Dec10	\$2.06
Dec09	\$1.69	Dec09	\$2.04
Dec08	\$1.87	Dec08	\$2.17
Dec07	\$2.58	Dec07	\$2.18
Dec06	\$2.58	Dec06	\$1.85
Dec05	\$1.84	Dec05	\$1.39
Dec04	\$1.40	Dec04	\$1.09
Dec03	\$1.20	Dec03	\$0.89
Dec02	\$0.92	Dec02	\$0.74
Dec01	\$0.66	Dec01	\$0.61
Dec00	\$0.49	Dec00	\$0.53
Dec99	\$0.78	Dec99	\$0.48
Dec98	\$0.82	<b>Balance Sheet Information Jun15</b>	
Dec97	\$0.00	Total Current Assets	\$3,064,000,000
Dec96	\$0.00	Total Current Liabilities	\$1,124,800,000
Dec95	\$0.00	Long-Term Debt	\$3,106,100,000
		Total Assets	\$4,999,500,000
		Intangible Assets	\$1,329,400,000
		Total Liabilities	\$5,330,700,000
		Shares Outstanding (Diluted Average)	204,400,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

## Recommended Reading:

Other  
ModernGraham  
posts about the  
company

[The Best Stocks of the Financial Services Industry – September 2015](#)  
[The 10 Best Stocks For Value Investors This Week – 6/20/15](#)  
[Moody's Corporation Analysis – June 2015 Update \\$MCO](#)  
[18 Companies in the Spotlight This Week – 3/15/15](#)  
[Moody's Corporation Quarterly Valuation – March 2015 \\$MCO](#)

Other  
ModernGraham  
posts about related  
companies

[The Best Stocks of the Financial Services Industry – September 2015](#)  
[Franklin Resources Inc. Analysis – September 2015 \\$BEN](#)  
[Northern Trust Corporation Analysis – September 2015 Update \\$NTRS](#)  
[Legg Mason Analysis – August 2015 Update \\$LM](#)  
[Capital One Financial Corporation Analysis – August 2015 Update \\$COF](#)  
[Affiliated Managers Group Analysis – Initial Coverage \\$AMG](#)  
[Visa Inc. Analysis – August 2015 Update \\$V](#)  
[Ameriprise Financial Inc. Analysis – August 2015 Update \\$AMP](#)  
[SLM Corporation Analysis – August 2015 Update \\$SLM](#)  
[Western Union Company Analysis – 2015 Update \\$WU](#)