

ModernGraham Valuation

Company Name:

Coca-Cola
Enterprises Inc

Company Ticker CCE

Date of Analysis

9/1/2015



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	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	Fail
3. Earnings Stability	Positive EPS for 10 years prior	Fail
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	Fail
5. Earnings Growth		Fail
6. Moderate PEmg Ratio	PEmg < 20	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	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	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	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

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.46
MG Growth Estimate	15.00%
MG Value	\$94.53
MG Value based on 3% Growth	\$35.60
MG Value based on 0% Growth	\$20.87
Market Implied Growth Rate	6.10%

MG Opinion

Current Price	\$50.83
% of Intrinsic Value	53.77%
Opinion	Undervalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$20.59
Graham Number	\$15.38
PEmg	20.70
Current Ratio	1.01
PB Ratio	11.79
Dividend Yield	2.09%
Number of Consecutive Years of Dividend Growth	8

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.44	Next Fiscal Year Estimate	\$2.46
Dec14	\$2.63	Dec14	\$2.40
Dec13	\$2.44	Dec13	\$2.23
Dec12	\$2.25	Dec12	\$1.35
Dec11	\$2.29	Dec11	\$0.48
Dec10	\$1.83	Dec10	-\$0.71
Dec09	\$1.70	Dec09	-\$1.80
Dec08	-\$9.05	Dec08	-\$2.88
Dec07	\$1.46	Dec07	\$0.33
Dec06	-\$2.41	Dec06	\$0.00
Dec05	\$1.08	Dec05	\$1.08
Dec04	\$1.26	Dec04	\$0.96
Dec03	\$1.46	Dec03	\$0.70
Dec02	\$1.07	Dec02	\$0.31
Dec01	-\$0.75	Dec01	\$0.00
Dec00	\$0.54	Dec00	\$0.36
Dec99	\$0.13	Dec99	\$0.27
Dec98	\$0.35	Balance Sheet Information Jun15	
Dec97	\$0.43	Total Current Assets	\$2,855,000,000
Dec96	\$0.28	Total Current Liabilities	\$2,819,000,000
Dec95	\$0.21	Long-Term Debt	\$3,712,000,000
		Total Assets	\$8,706,000,000
		Intangible Assets	\$3,626,000,000
		Total Liabilities	\$7,693,000,000
		Shares Outstanding (Diluted Average)	235,000,000



Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor. The author held a long position in CCE 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

[14 Companies in the Spotlight This Week – 4/5/14](#)
[Coca-Cola Enterprises Inc. \(CCE\) Annual Valuation – 2014](#)

Other
ModernGraham
posts about related
companies

[Mead Johnson Nutrition Analysis – August 2015 Update \\$MJN](#)
[McCormick & Company Inc. Analysis – August 2015 Update \\$MKC](#)
[ConAgra Foods Inc. Analysis – August 2015 Update \\$CAG](#)
[Archer Daniels Midland Company Analysis – 2015 Update \\$ADM](#)
[J.M. Smucker Company Analysis – July 2015 Update \\$SJM](#)
[Keurig Green Mountain Inc. Analysis – Initial Coverage \\$GMCR](#)
[Monster Beverage Analysis – July 2015 Update \\$MNST](#)
[Tyson Foods Analysis – July 2015 Update \\$TSN](#)
[Mondelez International Inc. Analysis – 2015 Update \\$MDLZ](#)
[Hormel Foods Corporation Analysis – June 2015 Update \\$HRL](#)