

ModernGraham Valuation

Dr Pepper Snapple
Group Inc.



Company Name:

Company Ticker DPS

Date of Analysis

9/11/2015

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	\$14,514,956,474	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.81	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Fail
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	305.91%	Pass
6. Moderate PEmg Ratio	PEmg < 20	22.31	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	6.48	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	0.81	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-6.90	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	\$3.41
MG Growth Estimate	12.21%
MG Value	\$112.40
MG Value based on 3% Growth	\$49.49
MG Value based on 0% Growth	\$29.01
Market Implied Growth Rate	6.90%

MG Opinion

Current Price	\$76.14
% of Intrinsic Value	67.74%
Opinion	Undervalued

Stage 3: Information for Further Research

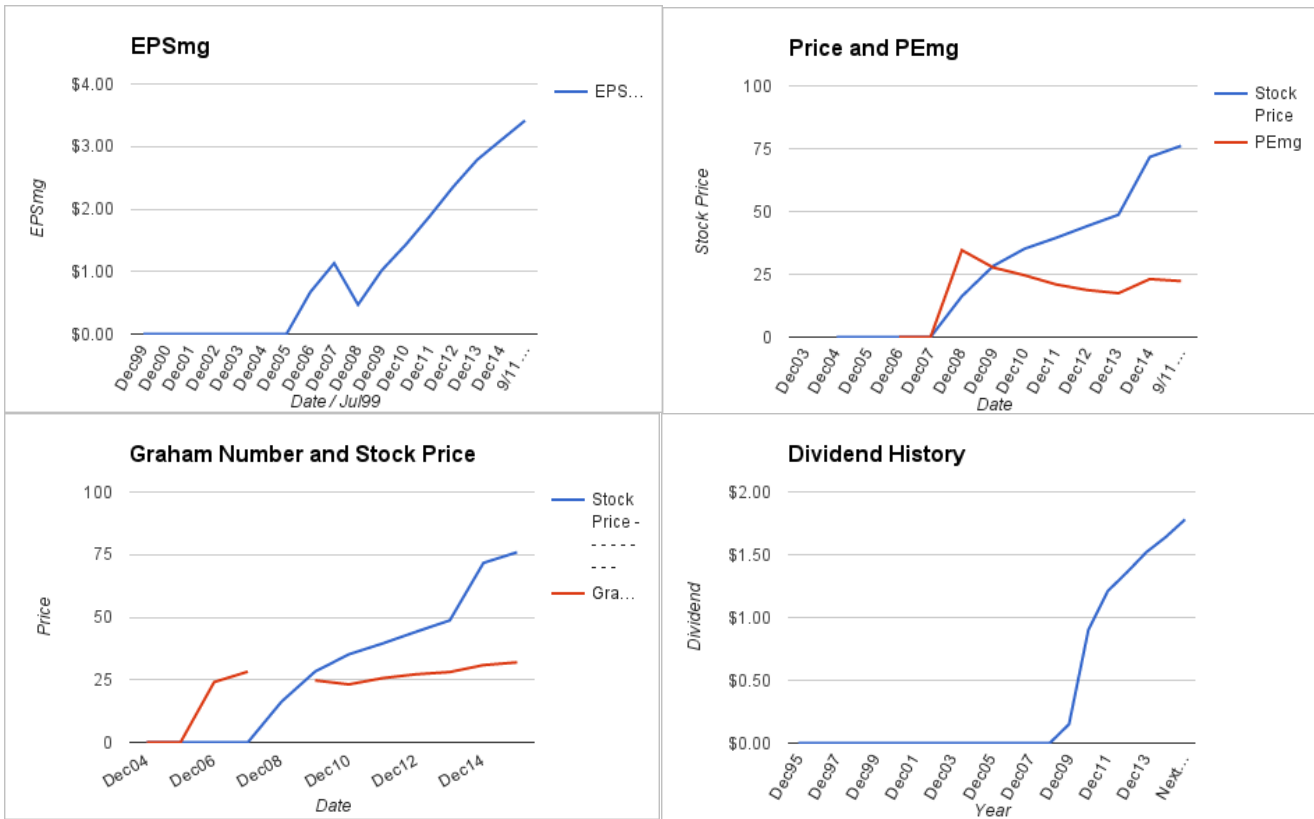
Net Current Asset Value (NCAV)	-\$24.67
Graham Number	\$31.96
PEmg	22.31
Current Ratio	0.81
PB Ratio	6.48
Dividend Yield	2.34%
Number of Consecutive Years of Dividend Growth	7

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	\$3.83	Next Fiscal Year Estimate	\$3.41
Dec14	\$3.56	Dec14	\$3.10
Dec13	\$3.05	Dec13	\$2.79
Dec12	\$2.96	Dec12	\$2.36
Dec11	\$2.74	Dec11	\$1.88
Dec10	\$2.17	Dec10	\$1.43
Dec09	\$2.17	Dec09	\$1.02
Dec08	-\$1.23	Dec08	\$0.47
Dec07	\$1.79	Dec07	\$1.13
Dec06	\$2.01	Dec06	\$0.67
Dec05	\$0.00	Dec05	\$0.00
Dec04	\$0.00	Dec04	\$0.00
Dec03	\$0.00	Dec03	\$0.00
Dec02	\$0.00	Dec02	\$0.00
Dec01	\$0.00	Dec01	\$0.00
Dec00	\$0.00	Dec00	\$0.00
Dec99	\$0.00	Dec99	\$0.00
Dec98	\$0.00	Balance Sheet Information Jun15	
Dec97	\$0.00	Total Current Assets	\$1,259,000,000
Dec96	\$0.00	Total Current Liabilities	\$1,563,000,000
Dec95	\$0.00	Long-Term Debt	\$2,097,000,000
		Total Assets	\$8,267,000,000
		Intangible Assets	\$5,668,000,000
		Total Liabilities	\$6,005,000,000
		Shares Outstanding (Diluted Average)	192,400,000





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

- [23 Companies to Research This Week – 9/13/14](#)
- [Dr Pepper Snapple Group Inc. Annual Stock Valuation – 2014 \\$DPS](#)

Other ModernGraham posts about related companies

- [Sysco Corporation Analysis – September 2015 Update \\$SYY](#)
- [Coca-Cola Enterprises Inc. Analysis – September 2015 Update \\$CCE](#)
- [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](#)