

# ModernGraham Valuation

Company Name:

CME Group Inc

Company Ticker

CME

Date of Analysis

10/5/2015



## 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	\$30,126,830,569	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.04	Fail
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	27.00%	Fail
5. Earnings Growth	PEmg < 20	26.52	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	1.43	Pass
7. Moderate Price to Assets			

*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	1.04	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.38	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		Fail

### Suitability

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

## Stage 2: Determination of Intrinsic Value

EPSmg	\$3.38
MG Growth Estimate	-0.87%
<b>MG Value</b>	<b>\$22.85</b>
MG Value based on 3% Growth	\$49.05
MG Value based on 0% Growth	\$28.75
Market Implied Growth Rate	9.01%

### MG Opinion

Current Price	\$89.71
% of Intrinsic Value	392.62%
<b>Opinion</b>	<b>Overvalued</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$24.72
Graham Number	\$71.07
PEmg	26.52
Current Ratio	1.04
PB Ratio	1.43
Dividend Yield	2.16%
Number of Consecutive Years of Dividend Growth	5

### 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	\$3.55	Next Fiscal Year Estimate	\$3.38
Dec14	\$3.35	Dec14	\$3.35
Dec13	\$2.92	Dec13	\$3.33
Dec12	\$2.70	Dec12	\$3.41
Dec11	\$5.43	Dec11	\$3.59
Dec10	\$2.86	Dec10	\$2.65
Dec09	\$2.48	Dec09	\$2.50
Dec08	\$2.43	Dec08	\$2.39
Dec07	\$2.99	Dec07	\$2.18
Dec06	\$2.32	Dec06	\$1.64
Dec05	\$1.76	Dec05	\$1.19
Dec04	\$1.28	Dec04	\$0.81
Dec03	\$0.72	Dec03	\$0.50
Dec02	\$0.63	Dec02	\$0.34
Dec01	\$0.51	Dec01	\$0.16
Dec00	-\$0.04	Dec00	-\$0.01
Dec99	\$0.00	Dec99	\$0.00
Dec98	\$0.00	<b>Balance Sheet Information Jun15</b>	
Dec97	\$0.00	Total Current Assets	\$44,055,100,000
Dec96	\$0.00	Total Current Liabilities	\$42,432,600,000
Dec95	\$0.00	Long-Term Debt	\$2,241,000,000
		Total Assets	\$73,663,100,000
		Intangible Assets	\$27,331,900,000
		Total Liabilities	\$52,404,300,000
		Shares Outstanding (Diluted Average)	337,796,000





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

[14 Companies in the Spotlight This Week – 10/11/14](#)  
[CME Group Inc. Annual Stock Valuation – 2014 \\$CME](#)

Other  
ModernGraham  
posts about related  
companies

[T.Rowe Price Group Inc. Analysis – September 2015 Update \\$TROW](#)  
[Moody's Corporation Analysis – September 2015 Update \\$MCO](#)  
[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](#)