# **ModernGraham Valuation**

**Company Name:** 

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			
	5.	Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	27.00%	Fail			
	6.	Moderate PEmg Ratio	PEmg < 20	26.52	Fail			
	7.	Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.43	Pass			
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			

CME Group Inc

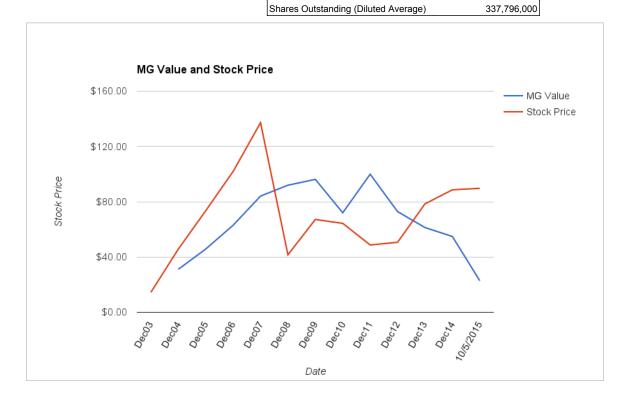
#### Suitability

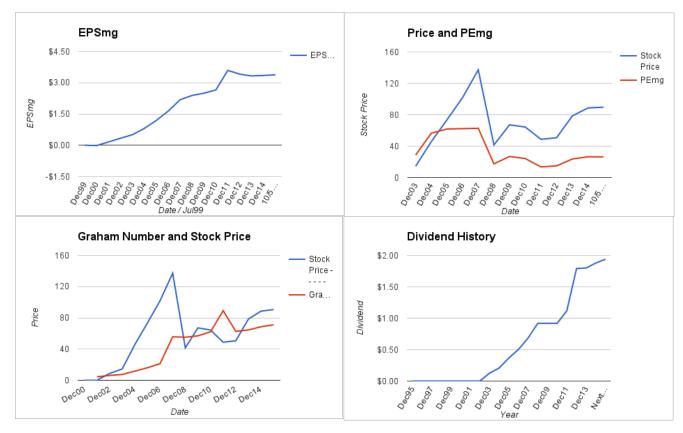
Defensive	No	
Enterprising	No	

## Stage 2: Determination of Intrinsic Value

U			
	EPSmg	\$3.	38
	MG Growth Estimate	-0.87	'%
	MG Value	\$22.	85
	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	2%
	Opinion	Overvalued	
Stage 3: Infor	mation for Further Research		
	Net Current Asset Value (NCAV)	-\$24.	72
	Graham Number	\$71.	07
	PEmg	26.	52
	Current Ratio	1.1	04
	PB Ratio	1.4	43
	Dividend Yield	2.16	5%
	Number of Consecutive Years of Dividend Growth		5
Useful Links:	ModernGraham tagged articles	Morningstar	
Oserui Links.			
	Google Finance Yahoo Finance	MSN Money	
		Seeking Alpha	
	GuruFocus	SEC Filings	

EPS History		EPSmg History	
Next Fiscal Year Estimate	¢0 55	Next Fiscal Year Estimate	\$3.38
	+		
Dec14		Dec14	\$3.35
Dec13		Dec13	\$3.33
Dec12		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	Balance Sheet Information	Jun15
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
		1	





#### 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