

ModernGraham Valuation

Company Name:

Company Ticker EL

Date of Analysis

10/29/2015

Estee Lauder
Companies Inc



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	\$30,769,559,300	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.09	Pass
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	217.31%	Pass
6. Moderate PEmg Ratio	PEmg < 20	28.77	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	8.75	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	2.09	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.69	Pass
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	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.89
MG Growth Estimate	12.47%
MG Value	\$96.51
MG Value based on 3% Growth	\$41.84
MG Value based on 0% Growth	\$24.53
Market Implied Growth Rate	10.13%

MG Opinion

Current Price	\$83.01
% of Intrinsic Value	86.02%
Opinion	Fairly Valued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$0.33
Graham Number	\$25.92
PEmg	28.77
Current Ratio	2.09
PB Ratio	8.75
Dividend Yield	1.11%
Number of Consecutive Years of Dividend Growth	2

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	\$3.10	Next Fiscal Year Estimate	\$2.89
Jun15	\$2.82	Jun15	\$2.68
Jun14	\$3.06	Jun14	\$2.45
Jun13	\$2.58	Jun13	\$1.98
Jun12	\$2.16	Jun12	\$1.58
Jun11	\$1.74	Jun11	\$1.24
Jun10	\$1.19	Jun10	\$0.96
Jun09	\$0.55	Jun09	\$0.85
Jun08	\$1.20	Jun08	\$0.97
Jun07	\$1.08	Jun07	\$0.83
Jun06	\$0.56	Jun06	\$0.68
Jun05	\$0.89	Jun05	\$0.71
Jun04	\$0.74	Jun04	\$0.60
Jun03	\$0.63	Jun03	\$0.53
Jun02	\$0.35	Jun02	\$0.49
Jun01	\$0.58	Jun01	\$0.54
Jun00	\$0.60	Jun00	\$0.49
Jun99	\$0.52	Balance Sheet Information Jun15	
Jun98	\$0.45	Total Current Assets	\$4,468,500,000
Jun97	\$0.37	Total Current Liabilities	\$2,135,600,000
Jun96	\$0.30	Long-Term Debt	\$1,607,500,000
		Total Assets	\$8,239,200,000
		Intangible Assets	\$1,471,400,000
		Total Liabilities	\$4,596,000,000
		Shares Outstanding (Diluted Average)	383,900,000





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:

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ModernGraham
posts about the
company

[The 8 Best Stocks For Value Investors This Week – 8/8/15](#)
[Estee Lauder Companies Analysis – August 2015 Update \\$EL](#)
[Estee Lauder Companies Quarterly Valuation – April 2015 \\$EL](#)
[58 Companies in the Spotlight This Week – 1/31/15](#)
[Estee-Lauder Quarterly Valuation – January 2015 \\$EL](#)

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[International Flavors & Fragrances Inc. Analysis – August 2015 Update \\$IFF](#)
[Estee Lauder Companies Analysis – August 2015 Update \\$EL](#)
[International Flavors & Fragrances Inc. Quarterly Valuation – May 2015 \\$IFF](#)
[Estee Lauder Companies Quarterly Valuation – April 2015 \\$EL](#)
[International Flavors & Fragrances Inc. Quarterly Valuation – February 2015 \\$IFF](#)
[Proctor & Gamble Annual Valuation – 2015 \\$PG](#)
[Kimberly Clark Corporation Annual Valuation – 2015 \\$KMB](#)
[Estee-Lauder Quarterly Valuation – January 2015 \\$EL](#)
[Avon Products Inc. Annual Valuation – 2015 \\$AVP](#)
[Colgate-Palmolive Annual Valuation – 2014 \\$CL](#)