

ModernGraham Valuation



Company Name:

Keurig Green
Mountain Inc

Company Ticker GMCR

Date of Analysis

10/13/2015

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	\$9,031,993,768	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.66	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
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	2493.83%	Pass
6. Moderate PEmg Ratio	PEmg < 20	18.18	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.12	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	2.66	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.47	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	\$3.08
MG Growth Estimate	15.00%
MG Value	\$118.73
MG Value based on 3% Growth	\$44.72
MG Value based on 0% Growth	\$26.21
Market Implied Growth Rate	4.84%

MG Opinion

Current Price	\$56.06
% of Intrinsic Value	47.21%
Opinion	Undervalued

Stage 3: Information for Further Research

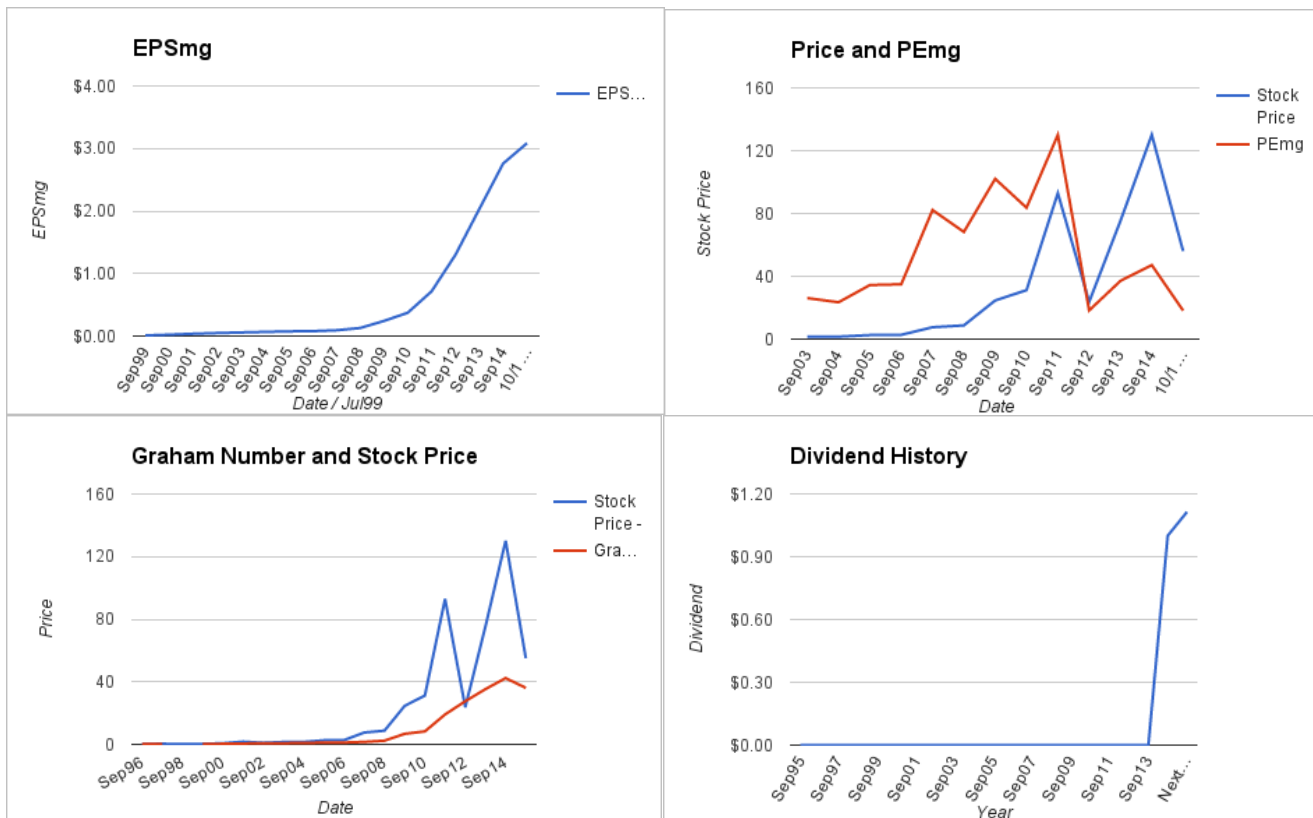
Net Current Asset Value (NCAV)	\$1.27
Graham Number	\$36.08
PEmg	18.18
Current Ratio	2.66
PB Ratio	3.12
Dividend Yield	1.99%
Number of Consecutive Years of Dividend Growth	2

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	\$3.19	Next Fiscal Year Estimate	\$3.08
Sep14	\$3.74	Sep14	\$2.76
Sep13	\$3.16	Sep13	\$2.03
Sep12	\$2.28	Sep12	\$1.30
Sep11	\$1.31	Sep11	\$0.71
Sep10	\$0.58	Sep10	\$0.37
Sep09	\$0.45	Sep09	\$0.24
Sep08	\$0.19	Sep08	\$0.13
Sep07	\$0.12	Sep07	\$0.09
Sep06	\$0.08	Sep06	\$0.08
Sep05	\$0.09	Sep05	\$0.07
Sep04	\$0.08	Sep04	\$0.07
Sep03	\$0.06	Sep03	\$0.06
Sep02	\$0.06	Sep02	\$0.05
Sep01	\$0.06	Sep01	\$0.04
Sep00	\$0.04	Sep00	\$0.02
Sep99	\$0.03	Sep99	\$0.01
Sep98	-\$0.01	Balance Sheet Information Jun15	
Sep97	\$0.01	Total Current Assets	\$1,398,026,000
Sep96	\$0.01	Total Current Liabilities	\$524,723,000
Sep95	\$0.00	Long-Term Debt	\$410,024,000
		Total Assets	\$3,994,487,000
		Intangible Assets	\$1,228,611,000
		Total Liabilities	\$1,200,630,000
		Shares Outstanding (Diluted Average)	155,598,000





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

- [5 Undervalued Companies with a Low Beta – August 2015](#)
- [5 Undervalued Companies for Enterprising Investors Near 52 Week Lows – July 2015](#)
- [The 20 Best Stocks For Value Investors This Week – 7/25/15](#)
- [5 Undervalued Companies with a Low Beta – July 2015](#)
- [Keurig Green Mountain Inc. Analysis – Initial Coverage \\$GMCR](#)

Other ModernGraham posts about related companies

- [Monster Beverage Corporation Analysis – October 2015 Update \\$MNST](#)
- [B&G Foods Inc. Analysis – September 2015 Update \\$BGS](#)
- [Hormel Foods Corporation Analysis – September 2015 Update \\$HRL](#)
- [Dr Pepper Snapple Group Inc Analysis – September 2015 Update \\$DPS](#)
- [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](#)