

ModernGraham Valuation

Company Name:

Company Ticker WFM
Date of Analysis 10/29/2015

Whole Foods Market,
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	\$10,789,418,654	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.44	Fail
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	165.91%	Pass
6. Moderate PEmg Ratio	PEmg < 20	20.20	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.67	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	1.44	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.11	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	\$1.49
MG Growth Estimate	15.00%
MG Value	\$57.45
MG Value based on 3% Growth	\$21.64
MG Value based on 0% Growth	\$12.68
Market Implied Growth Rate	5.85%

MG Opinion

Current Price	\$30.15
% of Intrinsic Value	52.48%
Opinion	Undervalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$0.45
Graham Number	\$20.54
PEmg	20.20
Current Ratio	1.44
PB Ratio	2.67
Dividend Yield	1.69%
Number of Consecutive Years of Dividend Growth	5

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	\$1.65	Next Fiscal Year Estimate	\$1.49
Sep14	\$1.56	Sep14	\$1.34
Sep13	\$1.47	Sep13	\$1.14
Sep12	\$1.26	Sep12	\$0.90
Sep11	\$0.97	Sep11	\$0.70
Sep10	\$0.72	Sep10	\$0.57
Sep09	\$0.43	Sep09	\$0.51
Sep08	\$0.41	Sep08	\$0.55
Sep07	\$0.65	Sep07	\$0.59
Sep06	\$0.71	Sep06	\$0.54
Sep05	\$0.50	Sep05	\$0.44
Sep04	\$0.50	Sep04	\$0.38
Sep03	\$0.40	Sep03	\$0.30
Sep02	\$0.35	Sep02	\$0.23
Sep01	\$0.30	Sep01	\$0.17
Sep00	-\$0.02	Sep00	\$0.10
Sep99	\$0.19	Sep99	\$0.14
Sep98	\$0.21	Balance Sheet Information Jun15	
Sep97	\$0.13	Total Current Assets	\$1,804,000,000
Sep96	-\$0.07	Total Current Liabilities	\$1,257,000,000
Sep95	\$0.00	Long-Term Debt	\$60,000,000
		Total Assets	\$6,036,000,000
		Intangible Assets	\$790,000,000
		Total Liabilities	\$1,966,000,000
		Shares Outstanding (Diluted Average)	360,500,000





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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company

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[The 8 Best Stocks For Value Investors This Week – 8/8/15](#)

[Whole Foods Market Inc. Analysis – August 2015 Update \\$WFM](#)

[21 Companies in the Spotlight This Week – 5/9/15](#)

[Whole Foods Market Inc. Quarterly Valuation – May 2015 \\$WFM](#)

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[Whole Foods Market Inc. Quarterly Valuation – May 2015 \\$WFM](#)

[Whole Foods Market Inc. Quarterly Valuation – February 2015 \\$WFM](#)

[Safeway Inc. Quarterly Valuation – December 2014 \\$SWY](#)

[Whole Foods Markets Inc. Quarterly Valuation – October 2014 \\$WFM](#)

[Whole Foods Market Inc. Quarterly Valuation – July 2014 \\$WFM](#)

[Kroger Company Annual Valuation – 2014 \\$KR](#)

[Whole Foods Market Inc. \(WFM\) Quarterly Valuation – April 2014](#)