

ModernGraham Valuation

Company Name:

Company Ticker ADM
Date of Analysis

Archer Daniels
Midland Company

11/4/2015



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	\$26,356,151,355	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.76	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	3.71%	Fail
6. Moderate PEmg Ratio	PEmg < 20	15.48	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.44	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	1.76	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.61	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		Fail

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.75
MG Growth Estimate	-1.05%
MG Value	\$17.63
MG Value based on 3% Growth	\$39.91
MG Value based on 0% Growth	\$23.40
Market Implied Growth Rate	3.49%

MG Opinion

Current Price	\$42.61
% of Intrinsic Value	241.68%
Opinion	Overvalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$0.90
Graham Number	\$44.88
PEmg	15.48
Current Ratio	1.76
PB Ratio	1.44
Dividend Yield	2.44%
Number of Consecutive Years of Dividend Growth	20

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	\$2.94	Next Fiscal Year Estimate	\$2.75
Dec14	\$3.43	Dec14	\$2.67
Dec13	\$2.02	Dec13	\$2.36
Jun12	\$1.84	Jun12	\$2.58
Jun11	\$3.13	Jun11	\$2.96
Jun10	\$3.00	Jun10	\$2.83
Jun09	\$2.62	Jun09	\$2.65
Jun08	\$2.79	Jun08	\$2.47
Jun07	\$3.30	Jun07	\$2.10
Jun06	\$2.00	Jun06	\$1.39
Jun05	\$1.59	Jun05	\$1.01
Jun04	\$0.76	Jun04	\$0.70
Jun03	\$0.70	Jun03	\$0.64
Jun02	\$0.78	Jun02	\$0.58
Jun01	\$0.55	Jun01	\$0.49
Jun00	\$0.45	Jun00	\$0.50
Jun99	\$0.35	Jun99	\$0.51
Jun98	\$0.59	Balance Sheet Information Jun15	
Jun97	\$0.54	Total Current Assets	\$22,588,000,000
Jun96	\$0.99	Total Current Liabilities	\$12,859,000,000
Jun95	\$0.00	Long-Term Debt	\$5,965,000,000
		Total Assets	\$40,568,000,000
		Intangible Assets	\$3,256,000,000
		Total Liabilities	\$22,024,000,000
		Shares Outstanding (Diluted Average)	627,000,000





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

#N/A

<http://www.moderngraham.com/2015/05/09/21-companies-in-the-spotlight-this-week-5915/>

<http://www.moderngraham.com/2015/05/07/archer-daniels-midland-co-quarterly-valuation-may-2015-adm/>

<http://www.moderngraham.com/2015/01/21/archer-daniels-midland-company-quarterly-valuation-january-2015-adm/>

<http://www.moderngraham.com/2014/10/25/18-companies-in-the-spotlight-this-week-102514/>

Other ModernGraham posts about related companies

The Best Companies of the Food Processing Industry – October 2015
 J.M. Smucker Company Valuation – October 2015 Update \$SJM
 Keurig Green Mountain Inc. Valuation – October 2015 Update \$GMCR
 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